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HEARING ON ALLEGATIONS OF MISCONDUCT AT
THE GENERAL SERVICES ADMINISTRATION

Wednesday, March 28, 2007,

House of Representatives,

Committee on Oversight and

Government Reform,

Washington, D.C.

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES



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10 | The committee met, pursuant to call, at 10:00 a.m. in
11 | room 2154, Rayburn House Office Building, the Honorable Henry
12 | A. Waxman [chairman of the committee] presiding.

13 | Present: Representatives Waxman, Cummings, Davis of
14 | Illinois, Tierney, Clay, Watson, Lynch, Higgins, Braley,
15 | Norton, McCollum, Van Hollen, Sarbanes, Welch, Davis of
16 | Virginia, Burton, Shays, Mica, Platts, Duncan, Turner, Issa,
17 | Foxx, and Bilbray.

18 | Staff Present: Phil Schiliro, Chief of Staff; Phil
19 | Barnett, Staff Director and Chief Counsel; Kristin Amerling,
20 | General Counsel; Karen Lightfoot, Communications Director and

21 Senior Policy Advisor; David Rapallo, Chief Investigative
22 Counsel; John Williams, Deputy Chief Investigative Counsel;
23 David Leviss, Senior Investigative Counsel; Susanne Sachsman,
24 Counsel; Molly Gulland, Assistant Communications Director;
25 Mark Stephenson, Professional Staff Member; Daniel Davis,
26 Professional Staff Member; Earley Green, Chief Clerk; Teresa
27 Coufal, Deputy Clerk; Caren Auchman, Press Assistant;
28 Zhongrui ``JR`` Deng, Chief Information Officer; Leneal
29 Scott, Information Systems Manager; Will Ragland, Staff
30 Assistant; Kerry Gutknecht, Staff Assistant; Sam Buffone;
31 Bret Schothorst; Lauren Belive; David Marin, Minority Staff
32 Director; Larry Halloran, Minority Deputy Staff Director;
33 Jennifer Safavian, Minority Chief Counsel for Oversight and
34 Investigations; Keith Ausbrook, Minority General Counsel;
35 Ellen Brown, Minority Legislative Director and Senior Policy
36 Counsel; John Brosnan, Minority Senior Procurement Counsel;
37 Steve Castor, Minority Counsel; Charles Phillips, Minority
38 Counsel; Edward Kidd, Minority Professional Staff Member;
39 Patrick Lyden, Minority Parliamentarian and Member Services
40 Coordinator; Brian McNicoll, Minority Communications
41 Director; and Benjamin Chance, Minority Clerk.

42 Chairman WAXMAN. The meeting of the Committee will
43 please come to order.

44 Today's hearing has been called to investigate
45 allegations of misconduct at the General Services
46 Administration. There are probably plenty of Americans who
47 have never heard of GSA, but it is the Government's premier
48 contracting agency. It focuses on the nuts and bolts of
49 Government's logistics. GSA manages nearly \$500 billion in
50 Federal assets, including Federal buildings, courthouses, and
51 other facilities, and it handles the purchase of billions of
52 dollars worth of services on behalf of other Government
53 agencies.

54 The Administrator of GSA is Lurita A. Doan, and she is
55 with us today. Also with us is Brian Miller, the Inspector
56 General of GSA. And we are pleased to have, as well, Senator
57 Charles Grassley, who has been following these issues
58 closely, joining us, as well.

59 We welcome all three witnesses and look forward to their
60 testimony.

61 One of Congress' most important oversight goals is to
62 ensure that our Government serves the interests of the
63 American taxpayer, not the interests of favored contractors,
64 a particular Federal agency, or a single political party.
65 The American people expect Government officials to uphold a
66 public trust. That is what the taxpayers are paying them

67 | for, and nothing else.

68 | Over the past several months, however, multiple
69 | allegations have surfaced about actions by top GSA officials
70 | that do not serve the interests of the taxpayers. These are
71 | the allegations we will investigate today.

72 | The first issue we will examine is a political briefing
73 | that took place at GSA on January 26th of this year. This
74 | briefing was conducted by Scott Jennings, Karl Rove's deputy
75 | at the White House. Mr. Jennings has been in the news for
76 | his involvement of the firing of the U.S. Attorneys, and is
77 | one of the White House officials that both the House and
78 | Senate have asked to testify.

79 | Also at this briefing were Administrator Doan and 40
80 | other political appointees at GSA, some of whom participated
81 | by videoconference. The briefing was held at GSA facilities
82 | during the work day, but there were no career GSA officials
83 | allowed at the briefing.

84 | We have obtained the PowerPoint presentation that Mr.
85 | Jennings gave to the GSA officials that day. This is the
86 | White House Office of Political Affairs.

87 | It would be perfectly appropriate for a meeting at the
88 | Republican National Committee or with campaign operatives,
89 | but it is the last thing taxpayers would expect at a
90 | Government Agency like GSA.

91 | Here is one of the slides. I think we have it on the

92 | screen. This is from Mr. Jennings' presentation. In this
93 | slide Mr. Jennings identified by name the 20 Democratic
94 | members in the House that the White House is targeting for
95 | defeat in 2008. We have another slide. This one identifies
96 | by name 20 Republican members that the White House considers
97 | most vulnerable in the upcoming election. The White House
98 | briefing was partisan. It was strategic. And it had
99 | absolutely no connection to GSA's Government mission. When
100 | the White House presentation was over, Ms. Doan asked her
101 | staff, ``How can we help our candidates in the next
102 | election?''

103 | Well, here are the facts as we know them: One, GSA's top
104 | political appointees were assembled to hear a confidential
105 | White House briefing on the Republican campaign strategic for
106 | 2008; two, they were asked to consider how GSA resources
107 | could be used to help Republican candidates; three, they did
108 | this in a Federal building during work hours at taxpayer
109 | expense.

110 | This appears to be a textbook example of what should
111 | never happen at a Federal agency. Unfortunately, the January
112 | 26th briefing may not be the only example of politicization
113 | of the Government's premier procurement agency. Inspector
114 | General Miller will testify today that GSA's Administrator
115 | Doan and her top staff intervened in a contract with SUN
116 | Microsystems to reverse the judgment of three career contract

117 officers. According to the Inspector General, the
118 Administrator's personal intervention resulted in a
119 sweetheart deal for SUN Microsystems that will cost taxpayers
120 tens of millions of dollars.

121 I want to read one sentence about the SUN contract from
122 the Inspector General's testimony. "As a direct consequence
123 of her intervention and in breach of GSA's fiduciary duty to
124 the U.S. taxpayers, the pricing concessions made to SUN means
125 that the U.S. taxpayers will inevitably pay more than they
126 should."

127 That is a remarkable finding, but it appears to be
128 corroborated by evidence received by our Committee, including
129 the statements of contracting officers involved in the
130 negotiations.

131 Perhaps even more disturbing, the information we
132 received appears to directly contradict statements that Ms.
133 Doan made to Senate Grassley about her involvement in the SUN
134 contract. Ms. Doan wrote Senator Grassley that, "I had no
135 knowledge of the negotiations or basis for decisions made
136 regarding this contract." But, as will become apparent
137 today, there is a written record documenting Ms. Doan's
138 personal involvement in reversing the position of career
139 contracting officials.

140 A third issue we will explore is the no-bid contract
141 that Ms. Doan gave to her former business associate and

142 | friend, Edie Fraser. According to the Inspector General,
143 | this is a serious violation. In his testimony he states,
144 | ``We are talking about the violation of a key contracting
145 | principle: promoting open competition and avoiding any
146 | appearance of personal favoritism in awarding Government
147 | business, by the leader of Government's premier civilian
148 | contracting agency.''

149 | On this issue, too, there is a troubling question about
150 | Ms. Doan's candor. The Inspector General found, ``The record
151 | paints quite a different picture than what Administrator Doan
152 | told the OIG investigators.''

153 | In our own investigation, we also found striking
154 | discrepancies between the assertions of Ms. Doan and the
155 | evidence we gathered.

156 | Well, there are a number of documents that I would like
157 | to make part of this hearing record. These documents include
158 | the White House PowerPoint presentation, the briefing memos
159 | prepared by the staff, the documents cited in the briefing
160 | memos, the transcripts and depositions the Committee has
161 | received, the audit and investigative reports provided to the
162 | Committee by the Inspector General, and the documents that
163 | members will be referring to today in their questioning.
164 | Without objection, they will be made part of the record.

165 | [The documents follow:]

166 | ***** INSERT *****

167 Chairman WAXMAN. There is a common thread that ties
168 together the allegations we will be exploring today. There
169 are basic rules that are supposed to apply to Federal
170 officials. You can't engage in partisan politics while you
171 are on Government time. You can't give no-bid contracts to
172 your friends and business partners. And you should put the
173 taxpayers first when negotiating contracts.

174 The question the Committee needs to examine is whether
175 Ms. Doan and her team at GSA violated these bedrock
176 principles. Americans want a Government that works. They
177 don't want basic Government services politicized and they
178 don't want their tax dollars squandered. Today we will have
179 an opportunity to explore how well Ms. Doan is meeting these
180 standards at GSA.

181 [Prepared statement of Chairman Waxman follows:]

182 ***** INSERT *****

183 Chairman WAXMAN. I want to now recognize Mr. Davis for
184 his opening statement, and then we will proceed right to the
185 witnesses.

186 Mr. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

187 You know how much I respect you and how much I value our
188 work together, but your description of this investigation
189 brings to mind what Mark Twain said about fraud science--one
190 gets such wholesome returns of conjecture out of such a
191 trifling investment of fact--for that is what we are dealing
192 with today: accusatory conjecture based on the selective and
193 biased interpretation of very few facts.

194 The title of today's hearing pretty much says it all:
195 Allegations of Misconduct at the General Services
196 Administration, not facts, not findings, not even credible
197 complaints, just allegations picked up from hostile media
198 reports based on unvetted sources. We will see at the end of
199 the day these allegations will still be, as the dictionary
200 defines the term, assertions unsupported and by implication
201 regarded as insupportable.

202 Sadly, this hearing represents the fullest expression
203 yet of the modus operandi adopted by the new majority.
204 Citing yesterday's news clips, releasing accusatory
205 conclusory inquiry letter, through amplification and
206 repetition of mere allegations, seek a conviction in the
207 court of public opinion, and call a hearing. First the

208 | verdict, then the trial.

209 | This process renders hollow the promise of collegiality
210 | and consultation with the minority. Only after the facts are
211 | we told witnesses have been threatened with subpoenas unless
212 | they submit coercive, transcribed interviews, never
213 | anticipated by Committee rules. In these non-deposition
214 | depositions, the prior notice and other procedural
215 | protections otherwise due to witnesses in the minority can be
216 | ignored. Future witnesses be advised: when the Committee
217 | expresses their hope to proceed without a subpoena, volunteer
218 | for a deposition. That way we will all have time to prepare
219 | and we will all know how and when the transcript can be used
220 | to support official Committee business.

221 | In this case the Committee has expended significant
222 | resources searching for anything to support their a priori
223 | conclusions, but they found virtually nothing. We received
224 | and reviewed over 14,000 pages of documents from the General
225 | Services Administration. Without consultation with the
226 | minority staff or the Ranking Member, the majority staff,
227 | largely through the threat of subpoena, conducted 14
228 | transcribed interviews securing the voluntary attendance of
229 | current and former GSA officials from as far away as Boston
230 | and Denver.

231 | Two GSA officials flew from Boston to Washington, D.C.,
232 | for interviews regarding the Hatch Act violations. The

233 Boston officials were questioned for as little as 30 minutes
234 in one instance and 40 in another. No reason was supplied
235 why these interviews couldn't take place telephonically.
236 Agency counsel was not permitted to be present at these
237 interviews. Personal counsel was said to be permitted;
238 however, four witnesses stated for the record they were not
239 told they were permitted to retain personal counsel for these
240 transcribed interviews. Nevertheless, one interviewee did
241 bring personal counsel.

242 Not surprisingly, this flawed process has produced an
243 equally flawed product. As discussions at length in the
244 staff report we are releasing today, the accusations leveled
245 against the GSA Administrator, Ms. Lurita Doan, are either
246 flat-out wrong or based on a distorted and myopic view of the
247 management responsibilities of the head of a major Federal
248 Agency.

249 I would ask unanimous consent at this point that our
250 Minority Report to our members be included in the record.

251 Chairman WAXMAN. Without objection, we will put it in
252 the record.

253 [The Minority Report follows:]

254 ***** COMMITTEE INSERT *****

255 Mr. DAVIS OF VIRGINIA. Lurita Doan is a talented,
256 motivated professional. Born in New Orleans, she was one of
257 the first African American children to integrate the city's
258 private schools. She was only seven. That first day, she
259 was knocked down, kicked, and hit with a brick, but she
260 persisted. She earned her undergraduate degree from Vassar
261 and a master's degree in renaissance literature from the
262 University of Tennessee Knoxville. A self-described
263 unabashed entrepreneur, she started a successful technology
264 business, which she sold before entering public service. She
265 and her husband of 22 years have two daughters.

266 Perhaps the saddest, most reprehensible aspect of this
267 defective oversight was the attempt to drag one of Ms. Doan's
268 daughters into the web of circumstances being spun to ensnare
269 her mother. That a business friend of Ms. Doan provided her
270 daughter a reference for an unpaid Capital Hill internship
271 application is offered as evidence to support alleged
272 misconduct in dealings between two professional woman years
273 later. It is as implausible as it is inappropriate. Even
274 the IG report refers to that. It is just sad, and it shows
275 how low this has gone.

276 The breathlessly described no-bid contract hardly turned
277 out to be the elaborate scheme to enrich an acquaintance,
278 alleged by the majority. We found only that Administrator
279 Doan wanted very much to acquire a study of GSA's use of

280 | small businesses, particularly those owned by minorities and
281 | women. It is a topic about which she knows much and cares
282 | deeply. She was understandably embarrassed and dismayed that
283 | the Agency she just took over had received an F from the
284 | Small Business Administration for small and minority business
285 | utilization.

286 | She was determined to improve GSA's image and score.
287 | The evidence supports the conclusion her motives were clear,
288 | if her methods a bid over-zealous. She wanted to engage the
289 | services of a well-regarded diversity consulting firm,
290 | Diversity Best Practices, to help fix the problem. The
291 | administrator erroneously believed that she had the authority
292 | to acquire these services for \$20,000 on an expedited sole
293 | source basis. When she learned otherwise, the arrangement
294 | was called off. No work was ever performed. No money
295 | changed hands.

296 | She has expressed regret that it happened, but
297 | continues, as is her way, to advocate forcefully to improve
298 | GSA outreach to small minority and women-owned businesses.

299 | With regard to the contract extension to SUN
300 | Microsystems, there is simply no evidence to support the
301 | allegation that Ms. Doan acted improperly. Ms. Doan never
302 | spoke to or pressured any of the contracting officers to
303 | exercise the SUN option. In the end, the contract extension
304 | terms were judged by the contracting officer to be fair and

305 | reasonable.

306 | Similarly, there is no evidence to support the
307 | allegation that she intervened in the suspension and
308 | debarment process. She merely asked her chief of staff for a
309 | briefing on a manner which could have resulted in a
310 | Government-wide prohibition against awarding any contracts to
311 | most of the major national accounting firms. Can you imagine
312 | debarring the big four accounting firms from doing business
313 | with the Government without the Administrator even knowing
314 | it? That is the alternative. Such an inquiry was ordinary
315 | and appropriate. It would have been negligent not to be
316 | apprised about the ramifications of so significant an action.

317 | I sat up here several months ago when we were going over
318 | security clearances and the deputy of OMB said he wasn't
319 | informed about it and we gave him the devil for not being
320 | informed on what was going on underneath him. We expect
321 | people to at least know what is going on beneath them.

322 | The Agency's suspension debarment official stated, "At
323 | no time did I receive any direct or indirect instruction or
324 | comment from the Office of the Administrator." He said he
325 | processed and concluded the matter as directed by the factual
326 | record, in accordance with the prescribed process.

327 | Then there is the alleged Hatch Act violations. It
328 | appears that on January 26, 2007--remember that date--at the
329 | conclusion of a staff luncheon--this is during

330 | lunch--attended by GSA political appointees called by the
331 | Administration--this is not Ms. Doan's meeting, this was a
332 | meeting called by the Administration, something they
333 | routinely do in Executive agencies. Ms. Doan didn't put out
334 | the White House political affairs order. She just simply
335 | attended the meeting. The Administrator made an off-hand
336 | comment about helping our candidates. That comment has
337 | somehow been connected to other conversations about inviting
338 | public officials to GSA building dedications, efforts to
339 | invite Speaker Pelosi to an event in her District, and to
340 | include Senator Mel Martinez in a similar event in his home
341 | State of Florida are anecdotally relayed, not that she said
342 | anything, relayed as evidence of prohibited partisan activity
343 | on Federal property. Such comments may be impolitic, but
344 | several factual realities defeat the effort to make them
345 | evidence of unlawful political activities.

346 | What candidates? What election? In January of this
347 | year, neither Representative Pelosi nor Senator Martinez was
348 | a candidate for any public office. No other candidates are
349 | mentioned. Based on the evidence before us, the only
350 | politics at GSA appear to be intramural, and it is a tough
351 | sport.

352 | Administrator Doan has had some disagreements with the
353 | GSA Inspector General. She thought him needlessly
354 | adversarial in assessing the inevitability of the subject of

355 judgments of contract officers. That, it seems, is where her
356 problems began. The IG, a former Federal prosecutor, takes
357 issue, often publicly, with current GSA leadership on the
358 reach and roll of his office. That is his right. But the
359 statement provided to the Committee by the IG for today's
360 hearing is an extraordinary narrative. Apparently, hell hath
361 no fury like an IG scorned. Rather than audit results or
362 investigative findings, he brings us anecdotes, conjecture,
363 innuendo, and invective to impugn the judgment and character
364 of the GSA Administrator.

365 His statement mischaracterizes information provided to
366 this Committee, and it appears his office provided
367 information to the majority and others that was not made
368 available to us. We will have more than a few questions for
369 the IG to day.

370 Finally, I want to bring the Committee's attention to an
371 e-mail that was sent last night by Ms. Shana Budd, the GSA
372 contract officer who finalized the SUN Microsystems contract
373 extension. She takes issue with the majority's attacks on
374 her integrity and her work. It is important for members and
375 the public to understand the demoralizing professional and
376 personal toll of the investigative tactics being used by the
377 majority in this instance.

378 This was an unsolicited e-mail. This wasn't under
379 threat of subpoena from us. This is an unsolicited e-mail

380 | that came in last night from a GS-13 career civil servant
381 | doing her best for the Government. It is the kind of
382 | professionals we want to serve in Government. Here's what it
383 | says.

384 | ''Pat, have you seen this? My words and sentiments have
385 | been twisted so badly that it is the point where they are
386 | making false statements about what I said. The author of
387 | this memorandum''--meaning the majority's memorandum--''is
388 | committing a crime by hand-picking small phrases and comments
389 | out of the broader context of the interview, which obviously
390 | destroys the reader's ability to comprehend the true meaning
391 | of my statements. The author is dramatically twisting my
392 | words for the purpose of meeting his ends.

393 | I am astonished. I am dumbfounded. This is destroying
394 | my well-deserved good name and reputation. It is also
395 | attacking my ethics, procurement integrity, and business
396 | judgment, all of which are upstanding and highly regarded.
397 | It seems to me I would be well served in consulting with a
398 | private attorney in order to protect the previously mentioned
399 | assets which are priceless.

400 | How very, very disturbing that something like this can
401 | happen in this country that I love and believe in. I am an
402 | honest citizen and hard-working, talented professional who
403 | has dedicated my life to civil service in dedication to the
404 | American people. I possess impeccable procurement integrity

405 | and excellent business judgment. I remain immensely proud of
406 | the work I did on the SUN Microsystems contract, because I
407 | know beyond a shadow of a doubt that every action I took was
408 | in the best interest of the Government and the American
409 | taxpayers, of which I am one.

410 | To think that actual Congresspeople would level these
411 | charges against me brings tears to my eyes and a squeeze to
412 | my heart. It is shattering my image of the American
413 | electorate as people who stand up for what is right, do the
414 | right thing, and most certainly protect honest, conscientious
415 | public servants. I lived in northern Virginia for many
416 | years, and the U.S. Capital was always my favorite place to
417 | take visitors. I love what I thought I stood for. Now I
418 | don't know what I still think next time I see it. Who would
419 | have thought that doing my job, going the extra mile, and
420 | taking a stand for what is right would lead to this?

421 | I am honored and proud to serve my Country in the
422 | capacity of contracting officer. I am proud of the warrant
423 | that hangs on my wall. And I am supremely confident that I
424 | perform my job with utmost integrity in an honorable,
425 | truthful, level-headed, sensible, quality oriented,
426 | professional manner that serves the public very well. This
427 | is unjust and unfair.

428 | How ironic that the very people who are accusing me of
429 | having poor integrity are, themselves, the ones who possess

430 | poor integrity. I believe that there is a term for this very
431 | behavior used by mental health professionals. It is called
432 | psychology projection. The encyclopedia describes it as
433 | follows: psychology projection or projection bias is a
434 | defense mechanism in which one attributes, projects to
435 | others, one's own unacceptable or unwanted thoughts and/or
436 | notions.

437 | Projections reduces anxiety by allowing the expression
438 | of the unwanted subconscious impulses and desires without
439 | letting the ego recognize them, and it is time for the
440 | Congressional Committee to do its job right, and they can
441 | start by not attacking good people. I will not just sit back
442 | and accept these unjust and undeserved insults. I will fight
443 | this to the bitter end for myself and for every average,
444 | honest American citizen. Shana Budd, Contracting Officer,
445 | GSA Region 8, Denver Federal Center.''

446 | And let me just add we got her permission to read this
447 | into the record. She is not a schedule C; she is a career
448 | professional.

449 | I look forward to today's hearing and asking
450 | Administrator Doan to allow to clear her name and reputation,
451 | as well.

452 | Thank you.

453 | [Prepared statement of Mr. Davis of Virginia follows:]

454 | ***** INSERT *****

455 Chairman WAXMAN. Thank you very much, Mr. Davis. We
456 will let the facts speak for themselves.

457 I do want to point out that Shana Budd's testimony in
458 her interview will be made public and people can see what she
459 said in that interview and then judge whether her comments in
460 the e-mail are justified.

461 Let me also just point out two other procedural things,
462 without getting into the facts. One, we issued no subpoenas.
463 If people came and volunteered to talk to us because they
464 knew we might issue subpoenas, well, that is just the way it
465 works, but we did not issue any subpoenas. Secondly, the
466 Republican staffs were present at every interview, so keep
467 that in mind, as well.

468 We are pleased now to have with us Senator Grassley.

469 We are delighted that you took the time to come from the
470 other side of the Capitol because of your involvement in this
471 issue, and we welcome you here today. We are eager to hear
472 what you have to say about the matter, because I know you
473 have been involved in this question far longer than any of
474 us.

475 Mr. MICA. Mr. Chairman, just a point before we get to
476 Senator Grassley, are we doing opening statements?

477 Chairman WAXMAN. No, we are not going to do opening
478 statements. We have the witnesses, and then we will proceed
479 right to the questions.

480 Mr. MICA. So there will be no opportunity for any of the
481 members to comment?

482 Chairman WAXMAN. That is correct, until they get to
483 their five minutes.

484 Mr. MICA. Well, I would like an exception to that. I am
485 the Ranking Member of Transportation and Infrastructure
486 Committee, and we have responsibility, legislative
487 responsibility, over GSA, and we have also worked on this
488 particular issue, since you have raised the point, and I
489 would like time for an opening statement. I would be glad to
490 defer first to the Senator, but we have spent a lot of my
491 personal time and staff time to investigate this matter.

492 Chairman WAXMAN. I certainly will want to--

493 Mr. DAVIS OF VIRGINIA. Mr. Chairman, the general rule of
494 the Committee, as I understand it, is that members get
495 opening statements. In this case, I would ask that we follow
496 the rules of the Committee and allow Mr. Mica to make an
497 opening statement.

498 Chairman WAXMAN. Well, Senator Grassley does have a time
499 schedule. Would you allow him to go first and then you make
500 your statement?

501 Mr. MICA. Yes, I think that would be fine. Thank you.

502 Chairman WAXMAN. Senator, we are pleased to have you.

503 STATEMENT OF THE HONORABLE CHUCK GRASSLEY, A UNITED STATES
504 SENATOR FROM THE STATE OF IOWA

505 STATEMENT OF SENATOR CHUCK GRASSLEY

506 Senator GRASSLEY. I thank the members of this Committee
507 for their commitment to oversight, one of our most sacred
508 responsibilities as a Congress. Today's hearing, focusing on
509 a number of issues related to decisions of GSA and other
510 senior officials, and ultimately their impact on the American
511 taxpayer.

512 My concerns began last year, when I learned that the
513 relationship between GSA Inspector General Mr. Brian Miller
514 and GSA Administrator Ms. Doan was strained and
515 deteriorating. I hope you know that I had a long history of
516 looking into wasteful Government spending and the very
517 important role that is played by Inspectors General, and I
518 hope that you understand that it doesn't matter to me whether
519 we have a Republican or Democrat Administration, I try to do
520 the job of oversight equally the same.

521 I believe that the IG in any agency is our first and
522 main line of defense against waste, fraud, and abuse of
523 taxpayers' money and misconduct by Government officials. The

524 IGs, quite simply, are watchdogs, and I have been and will
525 continue to watch the watchdogs. It is incumbent on Congress
526 to ensure that the IGs are doing their job, that they have
527 the resources to do their job, and that there is no undue
528 interference with an IG's ability to do mission.

529 Currently, GSA holds contracts with thousands of
530 contractors worth billions. Someone has to ensure that these
531 contracts yield the best deal possible, and that contractors
532 involved honor all terms of each contract. In the GSA, this
533 is a team effort involving GSA contract officials and IG.
534 This is a delicate balance, but one that has proven to work,
535 proven by millions and millions of dollars of savings.

536 When I learned that the relationship between GSA
537 Administrator and the IG was becoming more and more strained,
538 I decided to get to the bottom, and I am not pleased with
539 what I found. I can certainly accept that agency heads and
540 their IGs may not always see eye to eye; however, I cannot
541 accept any move by an agency head to undermine the
542 independence of the IG. That independence is the heart and
543 soul of the IG Act. It is what allows the IG to present
544 objective findings in their investigative reports.

545 When it was brought to my attention that the
546 Administrator intended to remove the reimbursable fundings
547 that the GSA IG depends on for audits of contracts in their
548 pre-award phase, I immediately looked into the impact that it

549 | would have on the Inspector General's work. In the end, the
550 | money for the reimbursable audits was restored in fiscal year
551 | 2007, but the entire situation provided insight into the
552 | flawed budgeting concept that has the unintended effect of
553 | encroaching on the independence of the IG.

554 | So on February the 23rd, 2007, I asked the Senate
555 | Appropriations Committee to fix the problem by providing a
556 | direct appropriation for GSA IG's pre-award audits. The
557 | reimbursable audits cost the GSA only \$5 million per year,
558 | but have been responsible for saving more than \$2 billion in
559 | the last two years, alone. I think \$10 billion (sic) in and
560 | \$20 billion out sounds like a pretty good deal.

561 | I have asked Administrator Doan about her relationship
562 | with the IG, and she has assured me that she understands and
563 | accepts the importance and necessity of the IG's
564 | independence. She says that she is trying to bring fiscal
565 | discipline to the entire Agency, including the Office of IG.
566 | I accept that, because that is a worthy goal. But, despite
567 | her assurances to the contrary, though, her actions and words
568 | have not convinced me that she is committed to utilizing the
569 | GSA Office of the Inspector General to its maximum potential,
570 | as intended in the law.

571 | She has indicated privately and publicly that the IG has
572 | been heavy handed in dealing with GSA employees. She has
573 | even suggested that the IG officials have intimidated other

574 GSA employees and contractors. These are very serious
575 allegations against Federal law enforcement officers and
576 accredited auditors, and if true they deserve the highest
577 level of investigation by both Congress and the Executive
578 Branch.

579 Despite numerous attempts to get details, though, on
580 these allegations from the Administrator, I have received
581 nothing but innuendos and unspecified allegations.

582 During the course of my investigation I discovered that
583 there was one specific allegation relating to a contract
584 involving Government vendor SUN Microsystems. The GSA IG
585 conducted a very thorough investigation of the matter and
586 could find no one in the GSA's regional office that felt
587 intimidated by IG officials. However, during the course of
588 that investigation I did learn some very interesting facts
589 about this particular SUN Microsystems contract which may be
590 the root cause of the dispute with the IG.

591 The first piece of information that caught my attention
592 was this: in spite of repeated warnings by senior GSA
593 officials since 2006 that SUN Microsystems had allegedly
594 committed civil and/or criminal fraud on two of these
595 contracts, GSA, with Administrator Doan's blessing, proceeded
596 to re-award the contract to SUN on September the 8th, 2006,
597 with no conditions, strings, or precautions regarding alleged
598 fraud.

599 The IG began post-award audits of these contracts over
600 two years ago. Those audits were finally completed
601 yesterday. The scope of the alleged fraud has been
602 established and verified. The allegations of fraud by SUN
603 will now be referred to the Department of Justice for further
604 consideration.

605 By August, 2006, several GSA contracting officials, all
606 the way up to the Administrator, were fully knowledgeable
607 about the alleged fraud, yet none took appropriate corrective
608 action to address alleged fraud. Why? Well, the alleged
609 fraud on these contracts involving defective pricing,
610 unauthorized charges, unpaid discounts is valued at \$10
611 millions of dollars. Even SUN Microsystems had admitted to
612 GSA that they had been negligent in providing proper pricing
613 and discount information to GSA. SUN has provided a
614 corrective action plan to prevent this from happening in the
615 future. Whether this corrective action plan is effective
616 remains to be seen, but that doesn't wipe out years of
617 negligence by this Government contractor.

618 The second piece of information that concerned me was
619 that this new SUN contract, which will go through 2009, was
620 negotiated on terms that are extremely unfavorable to the
621 Government. The terms were so unfavorable, in fact, that,
622 immediately upon signing, taxpayers lost millions of dollars
623 due to improper discounting and pricing calculations. The

624 | lost savings could be as high as \$20 to \$30 million, based
625 | upon IG investigation.

626 | This was the very same issue that the GSA IG was
627 | investigating before the contract was renewed. It seems that
628 | everyone involved--the IG, the contracting officer, senior
629 | GSA officials--was aware that the new contract was bad for
630 | the GSA, bad for Government, and, of course, bad for the
631 | taxpayers.

632 | GSA's first response to the allegations of fraud
633 | developed by the IG was to grant another in a long line of
634 | contract extensions to SUN on August 30, 2006. This brought
635 | a little time. Then a new contracting officer was installed
636 | on August 31st, a contracting officer with no previous
637 | experience with this very complicated contract.

638 | Finally, on September the 8th, just eight days later,
639 | GSA awarded the contract to SUN, this contract that is even
640 | worse for the Government than the one previously negotiated
641 | over the past year by the two previous contract officers,
642 | both of whom were replaced between February and August, 2006.

643 | To make matters worse, the Administrator told me in a
644 | letter dated March 13, 2007, that she was made aware of the
645 | potential criminal fraud by SUN on August 29, 2006, which was
646 | two days before the new contract officer was appointed and
647 | nine days before the new contract was awarded.

648 | After the IG informed her of the alleged fraud on SUN

649 contract, she reportedly told the IG, ''It is essential for
650 GSA to sign the contract with SUN.'' That was on August
651 29th. Two days later, Federal Acquisition Service
652 Commissioner Williams told the contract officer that he and
653 Administrator Doan, ''Considered the SUN contract
654 strategically important and wanted it awarded.''

655 What is even more shocking is that the FSA staff, the
656 Arm of the General Services Administration responsible for
657 negotiating this contract, were made aware of SUN's alleged
658 fraud as early as February 12, 2006, and possibly earlier,
659 but at least seven months before the contract was awarded.

660 What was the rationale for going ahead with this
661 contract? Was it GSA's fear of losing the contract to
662 another Agency like NASA? Was it the loss of income from the
663 fees, or simply a desire to continue doing business with this
664 contractor for some other still unknown reason?

665 Hopefully continued investigation such as this hearing
666 today will eventually reveal what went wrong and answer these
667 questions.

668 I want to close by making a very important point. It
669 was teamwork of the IG and the contracting officials that
670 uncovered both the potential fraud and the problems with the
671 new contract, and it was the IG Brian Miller's outstanding
672 leadership that created an environment where these good
673 things could happen. Yet, despite their very best efforts,

674 | their warnings fell upon deaf ears at the highest levels of
675 | GSA. The message this sends to Government contractors is very
676 | clear: it doesn't matter how poorly you manage the
677 | Government's money or how badly you violate the Government's
678 | contract, the doors of the U.S. Treasury are wide open. Help
679 | yourself to what is in the coffers. Take what you need. GSA
680 | will do business with you on your terms.

681 | So, Mr. Chairman, let me make one point crystal clear,
682 | including my duties. The Government coffers are not open.
683 | We are watching the activities of Government contractors,
684 | senior agency officials. The perpetuation of fraud and
685 | violation of law should not be tolerated, period.

686 | There are systems in place to prevent this, like the IG
687 | Act and what you are doing here, Congressional oversight.
688 | When money is lost due to a flawed contract, negligence, or
689 | fraud, we must remember that money is not the GSA's, it is
690 | not Congress' money, that it is money out of the pockets of
691 | hard-working American taxpayers, and among our most important
692 | responsibilities is to ensure that it is spent responsibly,
693 | wisely, and according to law.

694 | If fraud occurred on this contract and SUN owes the
695 | taxpayers money, as the IG reports, then the money must be
696 | recovered, those responsible must be held accountable.

697 | Thank you.

698 | [Prepared statement of Senator Grassley follows:]

699 ***** INSERT *****

700 Chairman WAXMAN. Thank you very much, Senator Grassley.
701 I appreciate your being here. You have been legendary as an
702 advocate, and also for your tenacity in looking out for the
703 taxpayers of this country, and I appreciate your insights
704 into this issue.

705 I know you have to go, so what we are going to do is Mr.
706 Davis has a few questions, I have a few questions, and then
707 we are going to excuse you.

708 Senator GRASSLEY. Okay.

709 Chairman WAXMAN. Mr. Davis?

710 Mr. DAVIS OF VIRGINIA. Senator, I appreciate your being
711 here. I, too, as the chairman of this Committee, we would go
712 where the facts took us, and Mr. Waxman and I together went
713 after the Administration when we thought they were wrong and
714 defend them when we think they are right. We all want
715 savings. And Ms. Doan is a big girl. She can take care of
716 herself on the questions to follow to explain her role in
717 this.

718 There is no evidence that she negotiated directly with
719 SUN Microsystems that you can find, is there? You don't have
720 any evidence that she negotiated directly with SUN
721 Microsystems, do you, Senator?

722 Senator GRASSLEY. What I have evidence of is that there
723 was questions raised about alleged fraud over a long period
724 of time that should have been taken into consideration by

725 anybody doing business with this company.

726 Mr. DAVIS OF VIRGINIA. Right, but you don't have any
727 evidence that she negotiated with--

728 Senator GRASSLEY. At this point everything is alleged.

729 Mr. DAVIS OF VIRGINIA. Right. I think she can answer
730 these questions.

731 I would just add that I spent my career before I came
732 here as a Government contracts attorney. In most agencies
733 the IG doesn't do the pre-audit report. This is done by the
734 contracting auditors or the DCAA. This is kind of the
735 exception to the rule where the IG does. But let me just say
736 this. Let's assume that GSA allowed this SUN scheduled
737 contract to lapse. Let's just assume for a second we have
738 reached an impasse, they have been through three contracting
739 officers. If the contract lapsed, what would happen then to
740 agencies that require needs for SUN products to purchase them
741 under individual acquisitions? If they are not on the GSA
742 schedule and an agency needs it, how do they get it?

743 Senator GRASSLEY. I'm not doing the business of GSA, but
744 it seems to me when there is questions about fraud that come
745 up that if there was a necessity to go one more day or two
746 more days or ten more days to keep Government functioning,
747 that you would do it with complete openness, that there is
748 very much questions involved.

749 Mr. DAVIS OF VIRGINIA. I agree with you. Well, Senator,

750 | the only thing I would note here is this had gone on for
751 | weeks and months with extensions that were far more costly to
752 | taxpayers than getting this resolved. And also, getting it
753 | on the schedule is just a license to hunt. Once you are on a
754 | schedule doesn't guarantee you one correct. That is why it
755 | is so difficult to understand, for people to make these
756 | statements about it cost millions of dollars.

757 | What happens, as I understand the process, is ordering
758 | agencies--in this case, it is a license to hunt. You are on
759 | the GSA schedule, but for an agency to then buy your product
760 | they have to compete it off the schedule against competing
761 | companies, who also have to negotiate their prices, and the
762 | price that was negotiated here is just kind of a starting
763 | place. They generally go down from there, and that makes it
764 | difficult to measure.

765 | But I think you are right that we need to take a look at
766 | this, and when agencies negotiate these things it should be
767 | subject to Congressional oversight. We look forward to, I
768 | think, a robust conversation about that today, and I'm sure
769 | the Administrator can tell you what her thought process was,
770 | as the policy-maker. As you know, IG's roles aren't to make
771 | policy, they are to make audit recommendations.

772 | Senator GRASSLEY. you have got to remember that in
773 | Government contracts it is a little bit different than in a
774 | commercial--

775 Mr. DAVIS OF VIRGINIA. Very different.

776 Senator GRASSLEY. The people want to do the business
777 with the Federal Government have responsibility to make more
778 information available to the Government.

779 Mr. DAVIS OF VIRGINIA. Absolutely.

780 Senator GRASSLEY. And you would expect that any deal
781 that the American Government gets would be, if nothing more
782 than reason because of quantity, we would get a better deal
783 than they give to the commercial side.

784 Mr. DAVIS OF VIRGINIA. Senator, I am not sure that is
785 always true. For example, in Medicare prescription drug
786 prices I'm not sure that Government would get a better deal
787 than you get off of some of these larger buying agencies. I
788 think you would agree with me on that. But, aside from that,
789 let's look at this. I appreciate your bringing it to our
790 attention.

791 What I think the evidence will show today is that you
792 had an impasse. It had been through three contracting
793 officers, and if they went off the schedule the Government
794 was going to get its product somewhere. I think they can
795 defend or not the merits of this, but I think the evidence
796 will show that Ms. Doan didn't negotiate a thing in this
797 case. She simply said we have an impasse, let's try to
798 resolve it, and both sides at one point switched their
799 contracting negotiators.

800 Thank you.

801 Senator GRASSLEY. Well, in regard to drugs, the
802 Government might get a better deal, but our senior citizens
803 only have the choice of 25 percent of the drugs that they
804 otherwise have under the plan we have right now.

805 Mr. DAVIS OF VIRGINIA. Senator, it is the same problem
806 here. If you don't get a deal here, and SUN Microsystems
807 isn't on the GSA schedules, and the Government has a need for
808 those products, you go out into the marketplace and you pay a
809 lot more.

810 Senator GRASSLEY. Are you done with me?

811 Chairman WAXMAN. No, Senator, I want to ask you a few
812 questions.

813 Senator GRASSLEY. Yes, I'm glad to answer your
814 questions.

815 Chairman WAXMAN. It seems that what GSA is supposed to
816 do is go out and negotiate fair and reasonable prices for
817 other Government agencies to get the services or products
818 that they might use in their Government activities. We are
819 going to go into this issue more in detail, but, from my
820 understanding, GSA had a contractor, SUN Microsystems. SUN
821 Microsystems was giving a lower price to their commercial
822 customers and then would turn around and charge the
823 Government more for the same services, which was contrary to
824 GSA rules.

825 So when they negotiated the contract and renegotiated
826 the contract they said you can't do that, and they went
827 through a long period of time of extensions. What they
828 needed to do, if they couldn't get their contractor,
829 Microsystems, to give the best price to the Government, they
830 needed to look for somebody else. But we will go into that
831 more in detail.

832 What I want to ask you is you have been looking at this
833 issue, and you asked Ms. Doan for her comments, and now you
834 have seen what she had to say to you. You have looked at the
835 documents and the e-mails from Ms. Doan. Do you think that
836 this raises any question, after you reviewed all this matter,
837 about the accuracy of the assertions that Ms. Doan made to
838 you in the letter to you?

839 Senator GRASSLEY. I think it is typical of too many
840 letters I get back from various agencies of Government,
841 including this one, and this is an example of what I am
842 talking about, so I am in agreement with you that we need
843 more information and have not been entirely candid. But
844 there is an institutional disease in bureaucracy under
845 Republicans or Democrats that you have always got to pull
846 teeth to get answers to your questions.

847 Chairman WAXMAN. That is true enough, and that is why I
848 think Congress has to do its oversight responsibility. Do
849 you think this is a worthwhile activity for an oversight

850 | committee?

851 | Senator GRASSLEY. Listen, you wouldn't be doing your
852 | Constitutional job upholding your oath if you weren't doing
853 | what you are doing today and do more of it.

854 | Chairman WAXMAN. And let me ask you this question: who
855 | appointed Ms. Doan and who appointed the Inspector General
856 | for her Agency?

857 | Senator GRASSLEY. Listen, the buck stops at the Oval
858 | Office.

859 | Chairman WAXMAN. So both were appointed by the same
860 | President?

861 | Senator GRASSLEY. Yes. And I want you--

862 | Chairman WAXMAN. And they are having a disagreement
863 | because the Inspector General, in pursuing his job of
864 | watching over this Agency, has pointed out that he thinks
865 | they have given contracts where the taxpayers are paying more
866 | money than they should?

867 | Senator GRASSLEY. Yes.

868 | Chairman WAXMAN. Well, we will go into it with them,
869 | because we will have them both here, but it just strikes me
870 | that when the Republicans say this is partisan and
871 | unnecessary and unfair, I am pleased to have you here to say
872 | that this is the kind of thing that we ought to be doing,
873 | watching out for the taxpayers.

874 | Senator GRASSLEY. I want you to know that Inspector

875 Generals are in the first line. They should be very, very
876 independent. They ought to probably have more independence
877 than the present law gives them.

878 I have been involved in the firing and resignations of
879 IGs that haven't been doing their job, at least five, and,
880 you know, they help us to do our Constitutional job of
881 oversight. Your job, my job would be much more difficult if
882 we didn't have Inspector Generals.

883 Chairman WAXMAN. Thank you. I certainly agree with you.
884 Thank you very much for being here. We know you have a busy
885 schedule.

886 I would like to ask the members, by unanimous consent,
887 even though we were going to have opening statements only by
888 the Ranking Member and myself, that we allow Mr. Mica to give
889 an opening statement, and then we will proceed to the
890 witnesses. Does that meet everybody's agreement?

891 [No response.]

892 Chairman WAXMAN. If so, Mr. Mica, you are going to be
893 treated with special courtesy today and we recognize you at
894 this time for an opening statement.

895 Mr. MICA. Thank you. Having served with Mr. Waxman, I
896 have been 15 years, I know he has been a lot longer in
897 Congress, I appreciate that Congress.

898 As I did state, I took over the responsibility of
899 Ranking Member of Transportation and Infrastructure. One of

900 | our Subcommittees is Economic Development and Public
901 | Buildings, of which we have legislative responsibility for
902 | GSA. Quite frankly, I didn't know the GSA Administrator from
903 | Adam's house cat several months ago. I might say that, just
904 | by way of information about myself--and we just heard from
905 | Senator Grassley--I started out some of my career with the
906 | responsibility of reviewing local government and then some
907 | State government operations.

908 | One of the first things I did was send a local
909 | Republican official, a county official, helped send him to
910 | jail for waste, fraud, and abuse, so I don't play those
911 | games. If someone is abusing their office, I will go after
912 | them. Mr. Waxman and I and Mr. Davis, we have been on the
913 | Committee and we have done that over the years, and I think
914 | we have that responsibility in the future.

915 | That being said, I have at least two times questioned
916 | the Administrator with some of my staff. When I first read
917 | some of the accounts in the Washington Post, I guess, that
918 | printed this story about a no-bid contract, I, too, became
919 | concerned. So I started looking at this and talked to her. I
920 | didn't know much about her. I found out she was a
921 | professional businesswoman who had great experience. I
922 | thought, my god, she is giving some kind of a favor and a bid
923 | to a company she dealt with in the private sector. This
924 | looks like some sort of a payback.

925 Then I was absolutely stunned when I found out that she
926 had not received any money from the company, this diversity
927 company, that, in fact, she had paid \$400,000 for contracts
928 and this company, in fact, had a good reputation in looking
929 at diversity issues, and she had conducted some of that in
930 the private sector, so I was sort of stunned by what I found.

931 Then I found out that GSA, and not knowing much about
932 GSA because I hadn't been responsible for oversight in this
933 area, was actually about to get or had gotten an F grade in
934 diversity. So here's an Agency, and she is a minority
935 Republican appointee who comes into an Agency and finds an
936 Agency that is getting an F grade in its performance relating
937 to racial diversity in the Department.

938 I think her biggest mistake at this point is trying to
939 think she could do something like she did in the private
940 sector, is move something forward to correct the situation.
941 Having already contracted in the private sector with someone
942 who did a good job on diversity questions, she tries to get a
943 contract to avoid an upcoming again analysis and review of
944 the Agency's poor performance.

945 So I looked at that and I thought there is nothing here.
946 I mean, in fact, she should probably be applauded for trying
947 to come into an Agency that has a horrible reputation on
948 diversity and racial questions of employment in the Agency,
949 and as a minority appointee trying to do something about it.

950 So then I thought, well, I heard a little bit about the
951 partisan politics, possible violation of the Hatch Act. I
952 thought, well damn, me and Henry, we have got her on this
953 one. Then I find out that actually she didn't even initiate
954 the conference. I thought, well, maybe she did this before
955 the election. Then I went back to see when was she
956 appointed. She was appointed in June of last year. July,
957 August, September, October, November, December, January,
958 February. Here we are in February, so she has been an
959 eight-month appointee. Was she trying to influence the
960 election in the fall? This actually took place January 28th,
961 I think the date was, the end of January, in a conference
962 call not initiated by her. So strike out number two.

963 Then we get to the SUN contract. Ohio, we have got her
964 this time because she was involved in knowing all about the
965 SUN contract and probably let this.

966 Here's the dates on the SUN contract. Negotiation with
967 SUN started, the first and second contract extensions were
968 executed by Robert Overly over a period of seven months. A
969 second contract extension was granted to expire February,
970 2005. Well, where the hell is Ms. Doan? She didn't come in
971 until June, and then the dates we just got even from Senator
972 Grassley, she had been on the job for 45 days trying to get
973 something done on something that had been pending, I
974 understand, for five years.

975 I have been involved in investigations and reviews on
976 this Committee for 15 years, and I am telling you this
977 unfortunately looks like it is a targeted attempt to go after
978 a minority appointee. I find that very offensive in this
979 process.

980 Chairman WAXMAN. The gentleman's time has expired.

981 Mr. MICA. Thank you for the time.

982 Chairman WAXMAN. Thank you very much, Mr. Mica. You can
983 stay for the rest of the hearing if you want to hear the
984 witnesses, but I know you have made up your mind.

985 We will now proceed to listen to the two witnesses that
986 involve the issues that have been put before us.

987 I am very pleased to welcome The Honorable Lurita A.
988 Doan. She is the 18th Administrator of the General Services
989 Administration. Prior to becoming GSA Administrator in May,
990 2006, Ms. Doan was the President of New Technology
991 Management, Inc., a company she founded in 1990.

992 Ms. Doan, we want to welcome you to our hearing today.
993 I want to tell you that your prepared statement will be in
994 the record in full. We would like to ask, if you would, to
995 try to limit your oral presentation to around five minutes,
996 but we will not be strict on that because it is important
997 that we hear from you.

998 It is the practice of this Committee to put all
999 witnesses under oath, and I would like to ask you to stand

1000 | and please raise your right hand to take the oath.

1001 | [Witness sworn.]

1002 | Chairman WAXMAN. The record will indicate the witness
1003 | answered in the affirmative.

1004 | We are pleased that you are here, and I am going to now
1005 | recognize you for your comments.

1006 STATEMENTS OF THE HONORABLE LURITA A. DOAN, ADMINISTRATOR,
1007 GENERAL SERVICES ADMINISTRATION; BRIAN D. MILLER, INSPECTOR
1008 GENERAL, GENERAL SERVICES ADMINISTRATION

1009 STATEMENT OF LURITA A. DOAN

1010 Ms. DOAN. Mr. Chairman, Ranking Member Davis, and
1011 members of the Committee, I appreciate the invitation to
1012 appear before you today to address the matters raised in the
1013 March 6th invitation.

1014 This is my first time testifying as Administrator of the
1015 General Services Administration.

1016 Mr. Smith Goes to Washington is one of my favorite
1017 movies, but I have to admit that I never thought that I would
1018 be living the movie, and yet here I am.

1019 Thank you for the opportunity to resolve a number of
1020 issues that have appeared in the media. I welcome this
1021 opportunity to set the record straight.

1022 I have submitted a detailed written testimony, but let
1023 me highlight the key elements. They are: fiscal discipline,
1024 oversight, and results.

1025 First, the cost of imposing fiscal discipline. Within
1026 hours of assuming office this past June, I initiated a

1027 | line-by-line review of the entire GSA budget. We had over
1028 | \$100 million deficit for fiscal year 2006. We had flunked
1029 | our annual audit. The revenue from fiscal year 2005 to
1030 | fiscal year 2006 had plunged by over \$4 billion. Morale was
1031 | low, and there was talk of mandatory buy-outs.

1032 | I had three goals: eliminate sources of wasteful
1033 | spending, apply oversight equally to all divisions within
1034 | GSA, achieve results by encouraging GSA employees to
1035 | innovate, improve GSA performance, and save taxpayer money.
1036 | These were priorities I had identified in my confirmation
1037 | hearing.

1038 | We identified and eliminated non-performing programs.
1039 | We hacked unnecessary travel to places like Australia and
1040 | Kuala Lumpur. GSA divisions cut spending by 9 percent, and
1041 | we didn't even have to touch employee salaries. It was with
1042 | great pride that we submitted a budget to OMB with
1043 | retroactive cuts for fiscal year 2006, fiscal year 2007, and
1044 | even proposed cuts in fiscal year 2008.

1045 | GSA employees knew the sources of wasteful spending, and
1046 | they were elated to know that under me there were no sacred
1047 | cows. Today, through the hard work of our GSA team, our
1048 | morale has improved. GSA was recently ranked as one of the
1049 | top ten best places to work in Federal Government. We have a
1050 | balanced budget. And we got a clean audit.

1051 | I am really proud of the transformational changes made

1052 | to the GSA's schedule process, where we just awarded our
1053 | first GSA schedule within 30 days of the application. Only
1054 | ten months ago the average time was 157 days.

1055 | The fast reorganization is successfully underway, and
1056 | GSA has turned around and created a positive relationship
1057 | with the Judiciary and the Department of Defense, and these
1058 | are our two biggest customers.

1059 | We did all of this in ten months. Bold, new leadership
1060 | was what the President wanted, and that is exactly what he
1061 | got at GSA.

1062 | The early fiscal discipline is now yielding improved
1063 | performance, but I am going to tell you change is difficult,
1064 | and not everyone wants to improve. Some cling to the old and
1065 | refuse to cut spending and will do anything to protect
1066 | bureaucratic turf, and this is what happened at GSA. I
1067 | believe the Office of the Inspector General may have been
1068 | angered by any suggestion that their operations could be
1069 | improved or that any spending could be cut.

1070 | I probably should have predicted what followed:
1071 | investigations intended to intimidate were launched, but
1072 | never ended, and the old-fashioned squeeze was on. I refused
1073 | to yield, and I still believe that my actions were right, but
1074 | I am going to tell you I am not a perfect person. I make
1075 | mistakes, and honestly I am probably going to make a few
1076 | more, but there was no wrongdoing.

1077 | In Washington, it seems to me that budgets are fiercely
1078 | protected, but that sometimes these legitimate policy
1079 | disputes cross the line and become personal attacks, and I
1080 | believe that this is what happened to me.

1081 | Mr. Chairman, you do not face the Administrator of GSA
1082 | but the full fury of an absolutely angry Mom when someone
1083 | from this Committee alleged that three years ago there was
1084 | some wrongdoing involving my then-14-year-old daughter who
1085 | participated in a mandatory, school-wide community service
1086 | program as an intern to Senator Debbie Stabenow three years
1087 | ago, long before I entered public office. I am sure you know
1088 | Senator Stabenow, and I am sure you know that she would never
1089 | do anything that is wrong.

1090 | I know that this attack was probably inserted in the
1091 | invitation by a too-eager staffer who thought that bloodsport
1092 | involving children was acceptable. To that Committee staffer
1093 | who thought that attacking one of my kids would be fair game,
1094 | let me tell you directly, shame on you. Shame on you for
1095 | getting so caught up in the give-and-take of politics that
1096 | you lost your sense of decency and fair play and let partisan
1097 | passions overwhelm good judgment. Shame on you for not
1098 | thinking through the terrible and unintended consequences on
1099 | good people everywhere interested in public service.

1100 | You know, like Jimmy Stewart in Mr. Smith I stand here.
1101 | I am going to be honest. I am facing a gazillion

1102 | allegations, but the curious thing is that all of these
1103 | allegations stem from a single source, and all of them became
1104 | public as a direct result of my attempts to impose fiscal
1105 | discipline throughout GSA.

1106 | I knew that when I moved to restore fiscal discipline
1107 | and bring some sunshine to poor managerial practices that I
1108 | was going to be in for a lot of criticism, but I was
1109 | surprised by the scandal-mongering involving attacks on
1110 | children, that I now have hate mail sent to my home, and am
1111 | vilified in the national media.

1112 | The time to focus on the facts has come and the
1113 | political points that can be scored from trumped-up charges
1114 | put away. When you examine my testimony--and I hope that you
1115 | will take the time to read it. I know it is a little
1116 | lengthy--I hope that you will see that each of these
1117 | different allegations and attacks on my character are
1118 | groundless, that I did not interfere, and that I was simply
1119 | exercising my right as Administrator to know what was going
1120 | on at the GSA.

1121 | But I think that this hearing is important for two other
1122 | far more important reasons. The first regards wasteful
1123 | spending. I think that what we say and what we do here today
1124 | could set the tone for how other Federal agencies look at
1125 | oversight and accountability and how aggressive they are to
1126 | be in identifying and eliminating specific causes of wasteful

1127 spending.

1128 GSA, as far as I know, was the only Federal agency that
1129 submitted a budget that voluntarily called for retroactive
1130 cuts to its budget. It took courage to do that, but I fear
1131 that if it becomes common practice for agency heads to face a
1132 never-ending barrage of personal attacks for doing so, that
1133 you can be sure that no such effort, it is never going to be
1134 made again.

1135 Second, this hearing could possibly, it seems to me, set
1136 the atmosphere for how we approach the issue of oversight.
1137 Much of my testimony deals with my determination to extend
1138 oversight and accountability equally throughout GSA
1139 divisions, including the Office of the Inspector General.
1140 Those of us in Government, we have a great opportunity to
1141 begin an important dialogue that has, at its core, two
1142 questions: first, is oversight something that applies equally
1143 to all spending decisions? Or should oversight and
1144 accountability only be applied to selected Government
1145 organizations or programs?

1146 I thank you for this opportunity. I look forward to
1147 answering your questions. I hope that I will give you a
1148 chance to get to know me just a little bit better.

1149 Thank you.

1150 [Prepared statement of Administrator Doan follows:]

1151 | ***** INSERT ***** |

1152 Chairman WAXMAN. Thank you, Ms. Doan, for your statement
1153 to us.

1154 Without objection, we will now proceed with the Chairman
1155 and the Ranking Member controlling 15 minutes of time, and I
1156 yield 5 minutes to the gentleman from Iowa. I was only going
1157 to yield him 5 minutes, but I will yield 15 minutes to the
1158 gentleman from Iowa, Mr. Braley.

1159 Mr. BRALEY. Thank you, Mr. Chairman and Ranking Member
1160 Davis.

1161 Good morning.

1162 Ms. DOAN. Good morning.

1163 Mr. BRALEY. Let's begin by reviewing what GSA does and
1164 what its mission is. GSA is a Government agency that manages
1165 Federal buildings, buys equipment and supplies, and works
1166 with other agencies to purchase goods and services. As the
1167 chairman noted, the impact of this service is huge, because
1168 the GSA helps manage nearly \$500 billion in Federal assets.

1169 According to GSA's web site, its core mission is to help
1170 Federal agencies better serve the public by offering at best
1171 value superior workplaces, expert solutions, acquisition
1172 services, and management policies.

1173 I assume you would agree with the mission statement that
1174 is posted on the web site?

1175 Ms. DOAN. I do, although I will tell you we are
1176 improving it, because we are just finishing our new strategic

1177 | plan.

1178 | Mr. BRALEY. But I assume that you would agree with it as
1179 | it is currently stated?

1180 | Ms. DOAN. Yes.

1181 | Mr. BRALEY. And do you also agree that the GSA's core
1182 | mission does not include engaging in partisan political
1183 | activity?

1184 | Ms. DOAN. I do not think that any Government agency
1185 | should be engaging in partisan political activity.

1186 | Mr. BRALEY. Let's talk about the meeting that you
1187 | referenced in your opening statement on January 26 of 2007.
1188 | I believe most people rightly assume that the GSA's mission
1189 | is not political, just making sure that Government buildings
1190 | are well-built and well-maintained and that Federal employees
1191 | have the resources and supplies they need to do their job.
1192 | But on January 26 of 2007 you held a meeting at GSA
1193 | headquarters that raised serious concerns about possible
1194 | illegal political activity, and I want to ask you about that
1195 | meeting.

1196 | It is our understanding that the meeting occurred at GSA
1197 | headquarters on Government property. We have been told that
1198 | you were there as the highest-ranking GSA official, and your
1199 | chief of staff, John Phelps, was there, as well as dozens of
1200 | other political appointees working at GSA. Overall, there
1201 | were nearly 40 Republican political appointees who joined the

1202 meeting either in person or through a video conference.

1203 The Committee has been told that the reason for this

1204 meeting was to hear a presentation from Scott Jennings.

1205 Scott Jennings is Karl Rove's deputy at the White House. He

1206 is the Deputy Director of Political Affairs for President

1207 Bush. Is that correct so far?

1208 Ms. DOAN. No it is not.

1209 Mr. BRALEY. And what was not correct about that

1210 statement?

1211 Ms. DOAN. John Phelps did not attend that meeting.

1212 Mr. BRALEY. And did not participate by phone?

1213 Ms. DOAN. And did not participate by phone.

1214 Mr. BRALEY. And was not involved in any way in the

1215 meeting?

1216 Ms. DOAN. To my knowledge, he was not in any way

1217 involved in the meeting.

1218 Mr. BRALEY. The Committee has been informed that Mr.

1219 Jennings gave a PowerPoint presentation at the meeting. Were

1220 you aware of that?

1221 Ms. DOAN. Yes.

1222 Mr. BRALEY. And we have been told that he discussed the

1223 2006 elections during that presentation. Would you

1224 characterize his presentation as a purely factual

1225 presentation about the results of the 2006 election?

1226 Ms. DOAN. I am a little bit embarrassed to admit this,

1227 | but I can say that I honestly don't have a recollection of
1228 | the presentation at all.

1229 | Mr. BRALEY. Well, I assume that, given your past
1230 | experience, you have sat through PowerPoint presentations
1231 | before?

1232 | Ms. DOAN. I have sat through--

1233 | Mr. BRALEY. And that during PowerPoint presentations,
1234 | information is projected in slides, and usually those slides
1235 | are reviewed by the person making the presentation to
1236 | reinforce verbally the visual images that are displayed on
1237 | the slides?

1238 | Ms. DOAN. Oftentimes they are.

1239 | Mr. BRALEY. Is that your general understanding of what
1240 | took place on this date?

1241 | Ms. DOAN. Yes. I believe that is true. I believe there
1242 | were PowerPoint slides, and I believe Scott Jennings did
1243 | speak.

1244 | Mr. BRALEY. The Committee has obtained a copy of the
1245 | presentation that Mr. Jennings gave at your office, and I
1246 | would like to ask you about the topics that he discussed with
1247 | the staff. At this time I would ask the staff to put up
1248 | slide 555, which is the first cover slide for the PowerPoint
1249 | presentation, showing that this was prepared by the White
1250 | House Political Office headed by Karl Rove.

1251 | That is what the cover side says; is that correct?

1252 Ms. DOAN. Yes. I am looking at the one you gave me.

1253 Mr. BRALEY. And then let's look at slide 578. This is a
1254 slide that has at the top 2008 House Targets, Top 20. Do you
1255 see that?

1256 Ms. DOAN. I do.

1257 Mr. BRALEY. And there can be no dispute, from the
1258 content of this slide, that this slide is depicting
1259 Republican targets that identify Democratic seats that are
1260 vulnerable in 2006. Isn't that what it says?

1261 Ms. DOAN. I'm reading. It says House Targets, Top 20.
1262 Chairman WAXMAN. It shows 2008.

1263 Mr. BRALEY. Yes. And it shows, District by District,
1264 the individuals, what the percentage of that District was in
1265 the 2004 election and what percentage that particular
1266 Democratic candidate received in the 2006 election; correct?

1267 Ms. DOAN. Yes. Honestly, I have not seen this chart
1268 until yesterday. I don't remember. I mean, I really, truly
1269 don't remember seeing this chart until yesterday, when I
1270 tried to dig it up, and I have to say I don't know what the
1271 explanation was that accompanied this. I truly do not
1272 remember this part of the presentation.

1273 Mr. BRALEY. Well, you are familiar with what the word
1274 target means, right?

1275 Ms. DOAN. I think we could say that I am one right now,
1276 yes.

1277 Mr. BRALEY. Yes. And what this means is that the
1278 Republicans are trying to target these seats to win them back
1279 in 2008. That was what was discussed at the presentation.

1280 Ms. DOAN. I appreciate your interpretation of that.

1281 Chairman WAXMAN. If the gentleman would yield for one
1282 minute, I just want to verify, did you know that your office
1283 supplied this chart to us?

1284 Ms. DOAN. Yes, I did, but I did not review the actual
1285 data. There was different groups that were involved in this,
1286 since this was not my meeting. I did not convene it. I
1287 didn't run the agenda of it. I didn't invite Speaker
1288 Jennings, Scott Jennings, to the meeting. I actually didn't
1289 have any involvement in it. The group that was involved in
1290 that, they prepared that submission for you.

1291 Chairman WAXMAN. You were just there, though?

1292 Ms. DOAN. I attended the meeting. Yes, I was there.

1293 Chairman WAXMAN. Okay. Well, I am going to let Mr.
1294 Braley continue.

1295 Ms. DOAN. Yes.

1296 Mr. BRALEY. You would agree that a reasonable
1297 interpretation of this slide is that it was a political
1298 attempt to try to target the top 20 Democratic candidates for
1299 defeat in 2008?

1300 Ms. DOAN. No, I would not say that. I would say that
1301 this is a slide that says 2008 House Targets, Top 20. I do

1302 not want to try to speculate on what was intended by Mr.
1303 Jennings on the slide. I really think you have to ask him.

1304 Mr. BRALEY. Well, I think reasonable people interpreting
1305 and viewing this material can probably get a pretty good
1306 understanding of what Mr. Jennings was doing there.

1307 The next slide I would like to talk about is slide 579.
1308 This is a slide that has as a heading, 2008 House GOP
1309 Defense. Have you seen this slide before?

1310 Ms. DOAN. I saw it yesterday is when I remember. I'm
1311 sure I probably, possibly saw it during the meeting. I don't
1312 remember it during our meeting, but honestly, as I said
1313 before, I don't really remember the PowerPoint presentation
1314 very clearly during that meeting.

1315 Mr. BRALEY. And this slide lists a number of vulnerable
1316 Republican House seats that are being targeted for protection
1317 in the 2008 Congressional elections; isn't that a reasonable
1318 conclusion that you can draw from this slide?

1319 Ms. DOAN. Congressman, I will accept your explanation of
1320 it.

1321 Mr. BRALEY. And then, if we look at slide 581, this
1322 slide has the caption, Battle for the Senate, 2008, and
1323 identifies potential pickup opportunities, one category
1324 described as Republican offense listing six States, one
1325 category described as Republican defense listing eight
1326 States, and then listing other noncompetitive States. Do you

1327 | agree that a reasonable person interpreting what is contained
1328 | on this slide could conclude that these are targeted Senate
1329 | seats that the Republican White House is trying to protect or
1330 | pick up?

1331 | Ms. DOAN. Senator, I will accept your interpretation of
1332 | this slide. I mean, I'm sorry, Congressman. A promotion.

1333 | Mr. BRALEY. I am very proud of my title as Congressman,
1334 | so thank you.

1335 | Ms. DOAN. Demotion. I'm sorry. I'm not even going to
1336 | get into that, guys.

1337 | Mr. BRALEY. Can you tell us what, if anything, these
1338 | slides have to do with the GSA's core purpose of procuring
1339 | supplies and managing Federal buildings?

1340 | Ms. DOAN. This brown bag luncheon I believe has been
1341 | mischaracterized. This is a meeting that is a team-building
1342 | meeting that is hosted by our White House liaison, a GSA
1343 | employee, a non-career employee, and it is hosted every
1344 | month. I try to attend whenever I can. Occasionally I
1345 | realize I am late either coming in or leaving early, but I do
1346 | try to be supportive. We look upon this as team-building.
1347 | We have had a variety of speakers who speak in whatever their
1348 | particular area of expertise is. That is what we do in these
1349 | luncheons. I am trying to build a superior management team at
1350 | GSA, and any kind of team-building activities that I can do,
1351 | I--

1352 Mr. BRALEY. With all due respect, Ms. Doan, I don't
1353 believe you answered my question, which was--

1354 Ms. DOAN. I'm sorry.

1355 Mr. BRALEY.--to ask what these slides had to do with the
1356 GSA's mission.

1357 Ms. DOAN. I'm sorry.

1358 Mr. BRALEY. I think the answer to my question is clear.
1359 This was a partisan political briefing. It occurred on GSA
1360 property during work hours and had nothing to do with the GSA
1361 mission. You identified team-building as one of the purposes
1362 of this meeting. Can you explain to the taxpayers of this
1363 country how holding this partisan political briefing helped
1364 with team building?

1365 Ms. DOAN. As I had said a little bit earlier, this is a
1366 brown bag lunch. It occurs on the lunch hour of our
1367 non-career employees. This is not my slide presentation.
1368 And I really do ask you, if you need to have an accurate
1369 interpretation of what that PowerPoint slide presentation
1370 means, please, you know, I would ask you to ask Mr. Jennings.
1371 This is his product and he was a guest at our meeting.

1372 Mr. BRALEY. Well, when the presentation begins with the
1373 White House Office of Political Affairs on the cover slide
1374 and the slide presentation has multiple references to the
1375 Republican's wanted, 72 hour get out the vote effort, and its
1376 impact on a host of different Congressional races, which is

1377 | what is contained on the other slides that are in this
1378 | presentation, I think the American taxpayers have a very good
1379 | reason to wonder whether the only team that was being helped
1380 | during this briefing was the Republican party team. The
1381 | Federal Hatch act says you can't use the workplace to engage
1382 | in team building for any political party.

1383 | You have suggested that this wasn't intended to have a
1384 | partisan purpose in your presentations, and yet the Committee
1385 | has been informed by multiple sources that after Mr. Jennings
1386 | finished his presentation, you took the floor, thanked him,
1387 | and then posed a question to the entire group of
1388 | participants. And, according to those sources, you stated,
1389 | ``How can we use GSA to help our candidates in the next
1390 | election?''

1391 | Now, reminding you that you are under oath, can you tell
1392 | the Committee whether, in fact, you did make that statement?

1393 | Ms. DOAN. I do know that I am under oath, and I will
1394 | tell you that honestly and absolutely I do not have a
1395 | recollection of actually saying that.

1396 | Mr. BRALEY. The Committee has interviewed and deposed
1397 | witnesses who participated in the briefing, and these were
1398 | not the type of off-the-record discussions the White House is
1399 | currently recommending in the Attorney Generals
1400 | investigation. One of those, Justin Bush, is a Republican
1401 | political appointee at GSA, and he is quoted as saying that

1402 | your comment was, ``How can we use different GSA projects,
1403 | building openings, and the like to further aid other
1404 | Republicans.`` Do you have any reason to doubt Mr. Bush's
1405 | memory?

1406 | Ms. DOAN. Honestly, I have told you I do not have any
1407 | recollection of saying that, but I do know, I have been
1408 | brought to understand that there is actually a difference of
1409 | opinion among the attendees about what exactly was said.

1410 | Mr. BRALEY. Well, another attendee, Jennifer Millikan,
1411 | is the Deputy Director of Communications at GSA and also a
1412 | Republican appointee. She stated that you said, ``How we
1413 | could help candidates.`` Do you remember saying that?

1414 | Ms. DOAN. I have no recollection of saying that.

1415 | Mr. BRALEY. Do you disagree with your own press person
1416 | that that comment was made by you?

1417 | Ms. DOAN. Congressman--

1418 | Mr. BRALEY. A comment about helping candidates, our
1419 | candidates?

1420 | Ms. DOAN. Congressman, I don't know how many times I
1421 | have said this, fourth or fifth time, but I will repeat again
1422 | that I cannot, I do not recollect this. I honestly and
1423 | absolutely have no recollection. But I will tell you that
1424 | the IG has requested an investigation from the Office of the
1425 | Special Counsel into this matter. That investigation, to my
1426 | knowledge, is still open. It is currently running. We at

1427 | GSA, I, in particular, we are cooperating fully, and I would
1428 | actually ask you to please allow the investigation to run its
1429 | course.

1430 | Mr. BRALEY. Well, part of our function here is to
1431 | perform Congressional oversight, which by its very nature
1432 | includes investigation. That is the purpose we are here
1433 | today.

1434 | Another attendee, the Chief Acquisition Officer of your
1435 | Agency, Emily Murphy, also a Republican political appointee,
1436 | said that at the meeting you stated, ``How can GSA help our
1437 | candidates or help position our candidates.``

1438 | Her assistant, Kristyann Monica, backs up her account
1439 | and says that you said, ``How can we help our candidates in
1440 | the next election.``

1441 | We also have a statement from Matthew Sisk, the Special
1442 | Assistant to the Regional Administrator for Massachusetts,
1443 | likewise a Republican political appointee, as well as Michael
1444 | Burkholtz, a Senior Advisor to the Chief Acquisition Officer
1445 | at GSA. These are not partisan Democrats attacking you, as
1446 | you have alleged. These are statements from six different
1447 | Republican appointees who work at GSA, and they all told us
1448 | the same thing about your making express reference to
1449 | political comments during this meeting.

1450 | Do you think all of these people are lying?

1451 | Ms. DOAN. I cannot answer for them. I can only answer

1452 | for myself, and I will tell you that I honestly have no
1453 | recollection of making that statement.

1454 | Mr. BRALEY. Giving you one last chance to clarify the
1455 | record, I am going to ask: did you ever make the statement,
1456 | ``How can we use GSA to help our candidates in the next
1457 | election,`` or words to that effect?

1458 | Ms. DOAN. Congressman, I cannot recollect making that
1459 | statement.

1460 | Mr. BRALEY. The reason this is so important to me is
1461 | because you directed comments to staff of this Committee and
1462 | you said, ``Shame on you for getting so caught up in the game
1463 | of politics that you let partisan politics affect your
1464 | judgment.`` Turning that mirror around, Ms. Doan, I think
1465 | there are people on this Committee who wonder whether the
1466 | same statement could apply to you, in light of what these
1467 | Republican political appointees have testified you said
1468 | during this meeting on GSA property with GSA employees in
1469 | attendance. Can you understand that concern?

1470 | Ms. DOAN. I do not believe that there were any 14 year
1471 | olds at that meeting.

1472 | Mr. BRALEY. You don't believe that you could be
1473 | perceived as having participated in a meeting where partisan
1474 | political politics was the main subject with GSA employees in
1475 | attendance on GSA property and asking a question which you
1476 | cannot recall where you talk about helping our candidates,

1477 | how that could be perceived as maybe being possibly clouded
1478 | by partisan political judgment?

1479 | Ms. DOAN. I do not believe that this was an
1480 | inappropriate meeting. I believe that all around Government
1481 | there are non-career employees who meet to discuss different
1482 | ways to advance policies and programs of the Administration.
1483 | But that is not the same as asking Federal employees to
1484 | engage in partisan political activities in the workplace. I
1485 | simply do not have any recollection of ever saying that.

1486 | Chairman WAXMAN. The gentleman's time has expired.

1487 | Mr. BRALEY. Thank you.

1488 | Chairman WAXMAN. I am now going to yield to Mr. Davis,
1489 | but one quick question on this whole thing.

1490 | It was a brown bag lunch for those who were there, but
1491 | this was a teleconference, and even people as far away as
1492 | California were participating in this meeting; isn't that
1493 | correct?

1494 | Ms. DOAN. That is true.

1495 | Chairman WAXMAN. Thank you.

1496 | And Mr. Davis?

1497 | Mr. DAVIS OF VIRGINIA. And the White House called this,
1498 | right? This is what they do on a regular basis, where they
1499 | like to get together with their Schedule C's?

1500 | Ms. DOAN. Yes, it is.

1501 | Mr. DAVIS OF VIRGINIA. How often do these occur at GSA?

1502 Ms. DOAN. Usually they occur monthly.

1503 Mr. DAVIS OF VIRGINIA. Okay.

1504 Ms. DOAN. And they are convened and arranged by our
1505 White House liaison.

1506 Mr. DAVIS OF VIRGINIA. So the White House liaison,
1507 basically, the White House says we want to talk to our
1508 Schedule C's. These are employees who serve at the pleasure
1509 of the President?

1510 Ms. DOAN. Right. We have a requirement to try to
1511 advance the policies of the Administration and execute them
1512 and make these initiatives successful.

1513 Mr. DAVIS OF VIRGINIA. Now, you didn't see these slides
1514 ahead of time, did you?

1515 Ms. DOAN. No, I did not.

1516 Mr. DAVIS OF VIRGINIA. You didn't help prepare these
1517 slides, did you?

1518 Ms. DOAN. No, I did not.

1519 Mr. DAVIS OF VIRGINIA. You had no idea what they were
1520 going to say, did you?

1521 Ms. DOAN. No, I did not.

1522 Mr. DAVIS OF VIRGINIA. In fact, you weren't even paying
1523 attention, it sounds like.

1524 Ms. DOAN. It is embarrassing to admit it, but it is
1525 true. If I could just say, it was a very busy week for me.
1526 I had received a letter from the Committee. We were in the

1527 middle of preparing all of the document requests.

1528 Mr. DAVIS OF VIRGINIA. But when the White House does
1529 these, they like the Agency heads to be there?

1530 Ms. DOAN. I try. I think it is important for my
1531 employees to see that I am engaged in all aspects of GSA and
1532 I do try, even if I have to leave early or come late.

1533 Mr. DAVIS OF VIRGINIA. Now, we are told by some
1534 witnesses, there are some witnesses that say you said
1535 something, some that say you didn't, and it was a long time
1536 ago, but did anybody at any point say these were
1537 inappropriate subjects, or somebody said we should move away
1538 from this? Do you remember any of that?

1539 Ms. DOAN. I really do not remember anything about this
1540 meeting.

1541 Mr. DAVIS OF VIRGINIA. Okay. But you don't deny what
1542 people are saying? You are not denying--

1543 Ms. DOAN. No, I'm not denying what they are saying; I'm
1544 simply saying there were cookies on the table, I remember
1545 coming in late, I remember we had, it seemed like, quite a
1546 few people who were actually missing.

1547 Mr. DAVIS OF VIRGINIA. Well, let me just ask you this:
1548 when there are building openings and the like, it is the
1549 policy, and is it your policy and the GSA policy that
1550 incumbent members of Congress from both parties be invited to
1551 those events?

1552 Ms. DOAN. Absolutely. GSA has an incredible record on
1553 this. We have Federal buildings, we have courthouses, and we
1554 have traditionally and consistently invited all members of
1555 State Congressional delegations.

1556 Mr. DAVIS OF VIRGINIA. There was no conversation about
1557 excluding Democrats or excluding one party from any of these
1558 openings, was there?

1559 Ms. DOAN. Absolutely not. In fact, we try to get
1560 everyone to come, and if any of you have not been to a
1561 building opening--I see, Congressman Higgins, you will have
1562 an opportunity certainly at the Buffalo Courthouse in a few
1563 years--but if you have an opportunity to come to one of our
1564 building openings, they are incredible things. You can see
1565 the truly splendid work that we do at GSA. I think we are
1566 really proud of that, so we invite everyone.

1567 I think, if you look at my actions, you will find that I
1568 have spent an enormous amount of time in outreach activities
1569 and responding to Democrats in the last--

1570 Mr. DAVIS OF VIRGINIA. Ms. Doan, what I gather is this
1571 is a presentation that the White House was giving to Schedule
1572 C employees. You obviously had a lot of other things on your
1573 mind. You didn't call the meeting. You didn't approve the
1574 slides. You didn't even know what they would talk about--

1575 Ms. DOAN. No, I did not.

1576 Mr. DAVIS OF VIRGINIA.--in a general sense. And you

1577 | said, ``Well, what can we do?`` Is that basically the gist
1578 | of what I understand the majority is saying? You look and
1579 | they are saying this is somehow illegal violation, they want
1580 | to run you out of town.

1581 | Ms. DOAN. Honestly, I don't even remember that.

1582 | Mr. DAVIS OF VIRGINIA. I understand.

1583 | Ms. DOAN. I know you are trying--

1584 | Mr. DAVIS OF VIRGINIA. I think this goes on every day.

1585 | It happens in Republican and Democratic Administrations.

1586 | This was during the people's lunch hours?

1587 | Ms. DOAN. Yes, it is.

1588 | Mr. DAVIS OF VIRGINIA. And generally their lunch hours
1589 | are free for people to do--you don't regulate what people do
1590 | during their lunch hours?

1591 | Ms. DOAN. Well, we don't even regulate what time your
1592 | lunch hour is. Usually you can take your lunch hour whenever
1593 | you want.

1594 | Mr. DAVIS OF VIRGINIA. Some members came during their
1595 | lunch hour to do this, and the allegation, I think, from the
1596 | other side is that somehow, because there was a video
1597 | conference to listen to the White House, that somehow you are
1598 | to blame. You didn't arrange this? This came at the request
1599 | of the White House?

1600 | Ms. DOAN. That is true.

1601 | Mr. DAVIS OF VIRGINIA. Thank you. Thank you very much.

1602 Chairman WAXMAN. For the record, in California it is not
1603 lunch hour, so somebody is videoconferencing this in
1604 California. While it is a lunch hour here, it is early
1605 morning there.

1606 Mr. DAVIS OF VIRGINIA. They might be having an early
1607 lunch, Mr. Waxman.

1608 Ms. DOAN. That is true. In fact, you could take your
1609 lunch whenever you choose, so if you wanted to arrange your
1610 day differently or if you were on--

1611 Mr. DAVIS OF VIRGINIA. Well, I guess if they really want
1612 to pursue this they can go back to the time slips--

1613 Ms. DOAN. Yes.

1614 Mr. DAVIS OF VIRGINIA.--and they could just see if
1615 somebody took an 8:00 a.m. lunch and a 12:00 lunch, and maybe
1616 they can find some act of genocide there that they can hang
1617 some Schedule C on, as well.

1618 Let me go ahead to SUN Microsystems, because there have
1619 been a lot of allegations on it. I mean, this has happened.
1620 I have been in this town a long time. I worked in the Nixon
1621 White House. You know, this is a political town, and these
1622 are political appointees, and there is no allegation here
1623 that there were any actions taken by GSA to retaliate against
1624 anybody. We just finished one election there weren't even
1625 candidates in these races. So it has to be put in
1626 perspective, and it just shows how desperate they get to

1627 | focus on some meeting that was called by the White House that
1628 | you attended and some statement. There are variations, if
1629 | everyone will read the record, in terms of what people
1630 | recollect you saying and other people saying at that point.

1631 | Now, on the SUN Microsystems issue, a lot was made of
1632 | that from Senator Grassley over here, and he clearly wasn't
1633 | that familiar with the fact that this is basically a license
1634 | to hunt, that all SUN Microsystems was trying to do or you
1635 | were trying to do is keep them on the GSA schedule; is that
1636 | correct?

1637 | Ms. DOAN. That is true.

1638 | Mr. DAVIS OF VIRGINIA. Now, because you were on the GSA
1639 | schedule with certain prices, that isn't necessarily the
1640 | price the Government pays, is it?

1641 | Ms. DOAN. No. In fact, we ask that any Government
1642 | agency also attempt to negotiate a lower price, and, of
1643 | course, then they would compete it probably with maybe two
1644 | other or three other contractors.

1645 | Mr. DAVIS OF VIRGINIA. So that is a ceiling?

1646 | Ms. DOAN. Yes, that is the high end, and then you are
1647 | trying to drive the price down from there.

1648 | Mr. DAVIS OF VIRGINIA. And, in fact, often the prices
1649 | that are negotiated, because once the SUN Microsystems or any
1650 | company is on the schedule, they have to compete with that
1651 | ceiling price against other companies to get the business; is

1652 | that correct?

1653 | Ms. DOAN. Yes. This is all about competition.

1654 | Mr. DAVIS OF VIRGINIA. And SUN Microsystems is a big
1655 | company, isn't it?

1656 | Ms. DOAN. They are quit large.

1657 | Mr. DAVIS OF VIRGINIA. I mean, less than 10 percent of
1658 | their business is Federal, as I understand it.

1659 | Ms. DOAN. That is true.

1660 | Mr. DAVIS OF VIRGINIA. So in the scheme of things, their
1661 | numbers don't rise or fall when they are doing business with
1662 | the Government, unlike a lot of Government contractors; is
1663 | that fair to say?

1664 | Ms. DOAN. That is true.

1665 | Mr. DAVIS OF VIRGINIA. So they could, in theory, just
1666 | walk away from this. And who wins then? Give us your
1667 | perspective about why you felt it was important to try to
1668 | keep SUN Microsystems within the Government. And I just add,
1669 | we have already heard Senator Grassley testify that on
1670 | Medicare Part D maybe the Government can negotiate low prices
1671 | in some areas, but there are other areas where people walk,
1672 | where pharmaceuticals walk and don't offer their products and
1673 | don't give the Government the opportunity. That is similar
1674 | to what could happen in this case. Just walk us through your
1675 | thought process of why you wanted to bring this to a
1676 | resolution one way or the other.

1677 Ms. DOAN. SUN is a major IT vendor of really mammoth
1678 proportions. They are very important, especially connected
1679 to the internet. Obviously, at least at GSA we use the
1680 internet quite a bit. GSA is the premier procurement agency
1681 for the Federal Government. Our job is to make sure that all
1682 different types of technologies, the most innovative, the
1683 most leading edge types of products and services are
1684 available to our Government community to purchase. And so I
1685 feel that, as the Administrator of GSA, and certainly the
1686 Commissioner, I believe, of Federal Acquisition Service would
1687 say, it is our obligation to make sure that we have the
1688 widest array of products and services available to our
1689 Federal Government customers. And for that reason, if
1690 nothing else, it is really important that we try to work with
1691 all of our many vendors to get them on the schedule.

1692 Mr. DAVIS OF VIRGINIA. Let's assume for a minute that we
1693 had gone the way of the IG and you just knocked them off the
1694 schedule, so you are not getting on the schedule. And you
1695 had a Government agency that wanted to buy a SUN Microsystems
1696 product, either for continuity of operations or for some
1697 other reason, that they had the product that met the
1698 Government's particular need and they weren't on the
1699 schedule. How would that agency then go about buying the
1700 product, and what is the likely cost in that case vis-a-vis
1701 buying off the schedule?

1702 Ms. DOAN. Well, I probably would have to ask you to have
1703 Jim Williams give you a lot more clarification on that, but I
1704 will tell you that I think that the Government agency would
1705 probably, just in a general way, be scrambling a little bit,
1706 because one of the neat things about the GSA schedule is it
1707 is very easy to use. It is very easy to get something
1708 immediately.

1709 Mr. DAVIS OF VIRGINIA. But they could go out for a
1710 procurement to try to--

1711 Ms. DOAN. They could, but that would take a lot longer
1712 probably.

1713 Mr. DAVIS OF VIRGINIA. Would it cost more, probably?

1714 Ms. DOAN. It would certainly cost more, because you
1715 would also have to then add into the cost the procurement
1716 officials who would have to be involved, the statement of
1717 works, the source selection committee.

1718 Mr. DAVIS OF VIRGINIA. So there are good policy reasons
1719 for trying to keep them within the Government ambit on the
1720 schedules?

1721 Ms. DOAN. Absolutely.

1722 Mr. DAVIS OF VIRGINIA. Now, the IG has made a lot of the
1723 fact that you mentioned that they might go to NASA soup.
1724 Could you explain to us what NASA soup is--I'm familiar with
1725 it, but I'm not sure other members are--and what this would
1726 mean, not only to GSA but to the costs to the American

1727 taxpayers?

1728 Ms. DOAN. NASA soup is another Government-wide
1729 acquisition contract. It is called a GWAC. This is a
1730 contract vehicle where other--

1731 Mr. DAVIS OF VIRGINIA. Similar to a schedule?

1732 Ms. DOAN. It is similar to a schedule. They can provide
1733 goods and services; however, usually the fee is quit a bit
1734 more that the Government agency would pay on top of the cost
1735 of the product.

1736 Mr. DAVIS OF VIRGINIA. So, as a general rule, it is your
1737 belief that NASA soup is a more expensive vehicle for these
1738 than the--

1739 Ms. DOAN. That has always been my belief, and I think I
1740 am pretty well documented in the press for saying that.

1741 Mr. DAVIS OF VIRGINIA. Okay. And also there was a fee
1742 involved, correct?

1743 Ms. DOAN. Yes, there is.

1744 Mr. DAVIS OF VIRGINIA. If an agency were to buy off NASA
1745 soup instead of the GSA schedules, that fee would then go to
1746 NASA as opposed to your Agency, which was suffering budgetary
1747 constraints; is that correct?

1748 Ms. DOAN. That is true.

1749 Mr. DAVIS OF VIRGINIA. That is an additional reason to
1750 try to keep them within the ambit, if you could?

1751 Ms. DOAN. That is true.

1752 Mr. DAVIS OF VIRGINIA. Now let me ask you this. Did you
1753 personally appoint the contracting officers in this case to
1754 negotiate this?

1755 Ms. DOAN. No. I did not even know who they were until I
1756 read their name in Congressman Waxman's invitation letter.

1757 Mr. DAVIS OF VIRGINIA. Well, what was your role? Was
1758 your role here just to try to get a decision, that this had
1759 been bubbling for years, we were on extensions, which are
1760 generally more expensive than negotiating a new contract, and
1761 you just wanted to get a resolution? What were your
1762 instructions to Mr. Williams, or whomever you delegated this
1763 to?

1764 Ms. DOAN. Well, it was Commissioner Williams, and it was
1765 very simple. I think I was actually at a much higher level,
1766 Congressman Davis. My job is simply to provide some
1767 managerial oversight into the different processes at GSA.
1768 What I was interested in was making sure that we were getting
1769 the very best value for the American taxpayer. I believe
1770 that having SUN Microsystems on the GSA schedule is an
1771 important aspect of that. I simply turned to Commissioner
1772 Williams and I said, Could you look into this. He then took
1773 it from there.

1774 And we have some very, very competent and incredibly
1775 qualified contracting personnel.

1776 Mr. DAVIS OF VIRGINIA. But there had been an impasse

1777 | before. I mean, we had been looking into this for months.

1778 | Ms. DOAN. They were at a total impasse, and I think our
1779 | contracting folks did just an extraordinary job of bringing
1780 | this to conclusion.

1781 | We are very proud of the work that they have done. I am
1782 | proud of my employees.

1783 | Mr. DAVIS OF VIRGINIA. I understand that, and we can get
1784 | into it later. Obviously, IG has a different perspective on
1785 | this.

1786 | Did you say cut a deal no matter what? Or did you just
1787 | say let's bring it to a conclusion? That is important for us
1788 | to know.

1789 | Ms. DOAN. I don't remember saying cut a deal no matter
1790 | what. I do remember saying let us look into this and see
1791 | what can be done, something along those lines.

1792 | Mr. DAVIS OF VIRGINIA. So you were just trying to
1793 | resolve a problem that had been ongoing for some time?

1794 | Ms. DOAN. Yes. I'm more about options. I am more about
1795 | saying what are our options, what can we do to try to make
1796 | things better.

1797 | Mr. DAVIS OF VIRGINIA. I understand that the Federal
1798 | Acquisition Service Commissioner, Jim Williams, informed Mr.
1799 | Miller, the IG, that a contracting officer was being
1800 | intimidated by an IG employee and asked him to look into it.
1801 | Did you follow up with the IG about this complaint?

1802 Ms. DOAN. Yes, I did. At one of our monthly
1803 meetings--this was about a month after Commissioner Williams
1804 had brought that to the Inspector General's attention--I
1805 asked him in the meeting, I said, ``So, you know, whatever
1806 happened. I was hoping I would hear from you on that.'' And
1807 then I was told, in what seemed to me a sort of lackadaisical
1808 manner, Well, you know, I looked into it. Nothing was there,
1809 or something along those lines. I don't want to try to do a
1810 direct quote because I don't remember.

1811 Mr. DAVIS OF VIRGINIA. You don't have a good
1812 relationship with the IG, do you, in your Agency?

1813 Ms. DOAN. Not in the Agency, but I think that it has
1814 been wildly mischaracterized in the press. I think we have a
1815 budget dispute that has now spiraled into other areas. I
1816 believe that the Inspector General believes strongly in
1817 independence and oversight, and I think the challenge there
1818 is that I do, too; it is just that I believe all, even
1819 oversight, needs to have oversight.

1820 Mr. DAVIS OF VIRGINIA. Okay. Let's go to another issue
1821 that has been raised here, and that is on the Diversity Best
1822 Practices and the contract with Ms. Fraser. Can you contract
1823 your relationship with Ms. Fraser? She was a vendor. I
1824 mean, she bought from you; isn't that correct? Isn't that
1825 how you knew her?

1826 Ms. DOAN. Yes, that is true.

1827 Mr. DAVIS OF VIRGINIA. And for diversity practices did
1828 you feel that the services her company offered were some of
1829 the best in the field?

1830 Ms. DOAN. The work that Diversity Best Practices does is
1831 almost unparalleled in the area of opening doors and
1832 providing opportunities for small, minority, women-owned,
1833 service disabled veteran businesses. They have done
1834 extraordinary work over many, many years.

1835 Mr. DAVIS OF VIRGINIA. And you had used them in your own
1836 company, right?

1837 Ms. DOAN. Yes, I did.

1838 Mr. DAVIS OF VIRGINIA. She never hired you for anything,
1839 did she?

1840 Ms. DOAN. No, she did not.

1841 Mr. DAVIS OF VIRGINIA. You hired her?

1842 Ms. DOAN. Yes.

1843 Mr. DAVIS OF VIRGINIA. Okay. Now, walk me through your
1844 thought process in terms of this \$20,000 purchase order that
1845 has been alleged. Was this purchase order, did any money
1846 change hands?

1847 Ms. DOAN. There was no money that changed hands, no
1848 Government contract was issued, no deliverables.

1849 Mr. DAVIS OF VIRGINIA. That may be a technical term
1850 whether a contract was issued, but nothing was ever--as I
1851 understand it, no money changed hands, no performance. This

1852 | was nixed pretty early on; is that correct?

1853 | Ms. DOAN. Yes.

1854 | Mr. DAVIS OF VIRGINIA. What was your thought process in
1855 | moving forward with this? The IG in his report says you
1856 | should have known the thresholds. It intimates that you were
1857 | trying to give a sweetheart deal to a friend. Why don't you
1858 | give us an explanation of that, from your perspective and
1859 | your thought process?

1860 | Ms. DOAN. GSA was failing in opening doors to small and
1861 | minority businesses. We got an F on our score card from the
1862 | SBA. Sadly, it seems like there is a possibility it might
1863 | have been well deserved.

1864 | I thought that doing a study of what we were doing with
1865 | our outreach to small, minority, women-owned, and service
1866 | disabled veteran businesses would reveal what are the things
1867 | that we are doing well, what are the things that we are doing
1868 | poorly. And the idea there is that, once you understand this
1869 | from an objective source, then you can make a decision to try
1870 | to do more of one and less of the other.

1871 | As I said in my statement, this is both a personal and a
1872 | professional embarrassment to me.

1873 | Mr. DAVIS OF VIRGINIA. My time is running out.

1874 | Ms. DOAN. I'm sorry.

1875 | Mr. DAVIS OF VIRGINIA. The question is: why didn't you
1876 | compete this out and go to a number of firms? What was your

1877 | thought process in just giving it to this one company that
1878 | you knew could do the job?

1879 | Ms. DOAN. It is because they are the unparalleled expert
1880 | in the field of diversity studies. I signed what I thought
1881 | was a draft outline, a service confirmation order. I moved
1882 | it on. I thought I was putting it through the processes. I
1883 | thought it was going to be turned into a purchase order, or
1884 | whatever. What my job was to do was to try to take action to
1885 | show that I wanted to turn this around and to move it
1886 | forward. This is what I was trying to do.

1887 | The minute it was brought to my attention that this was
1888 | done in error, and that was when my chief of staff called me
1889 | and said it was not going to be able to happen, I said fine.
1890 | They said they issued a termination. They did. The whole
1891 | timeframe from start to finish was about ten days.

1892 | Chairman WAXMAN. Thank you, Mr. Davis.

1893 | Mr. ISSA. Mr. Chairman, a point of parliamentary
1894 | inquiry. What time will our official lunch be and when will
1895 | it begin, 11:30 or 12:00?

1896 | Chairman WAXMAN. Well, we are going to continue on with
1897 | our hearing.

1898 | I will now proceed in regular order with each member
1899 | being called in order under the rules for five minutes. I
1900 | want to recognize the gentleman from Maryland, Mr. Cummings.

1901 | Mr. CUMMINGS. Thank you very much, Mr. Chairman.

1902 Ms. Doan, welcome to our Committee. I must tell you
1903 that when I heard your opening statement I was very
1904 impressed, but as I listened to your answers to Mr. Braley I
1905 became very concerned.

1906 One of the things I am concerned about is your memory.
1907 You just, in answer to Mr. Davis' question, went back to the
1908 Edie Fraser contract. You were able to tell us all kinds of
1909 things about that. That happened back in July of 2006. Mr.
1910 Braley methodically and excellently asked you about an
1911 incident that happened two months ago, and it is interesting
1912 to me that you don't remember certain things during that. As
1913 a matter of fact, you seemed like you didn't remember much of
1914 anything, but yet and still you remembered quite well the
1915 Edie Fraser contract situation. That concerns me.

1916 I must tell you that, you know, this Committee has
1917 serious questions about whether you violated the Hatch Act,
1918 which prohibits Federal employees from engaging in partisan
1919 politics at the office. You received training on the Hatch
1920 Act several months before the January 26, 2007, meeting, did
1921 you not?

1922 Ms. DOAN. Yes, I did.

1923 Mr. CUMMINGS. And under your understanding of the Hatch
1924 Act, are you permitted to ask staff to help a particular
1925 candidate or particular party?

1926 Ms. DOAN. No, I am not.

1927 Mr. CUMMINGS. Ms. Doan, we asked the Congressional
1928 Research Service, which is independent, about the incident at
1929 GSA headquarters on January 26th, and CRS told us that--well,
1930 CRS is a nonpartisan research arm of the Congress, so you
1931 will be very clear. We asked CRS about both the White House
1932 presentation and about your alleged comments afterwards. You
1933 said you didn't remember that two months ago. I know that.

1934 In response, CRS issued a report which I would like to
1935 make a part of the official hearing record.

1936 Chairman WAXMAN. Without objection, that will be the
1937 order.

1938 Mr. CUMMINGS. Thank you very much.

1939 [The CRS Report follows:]

1940 ***** INSERT *****

1941 Mr. CUMMINGS. This is what CRS said. First, on the
1942 White House slides that Mr. Braley referred to, CRS said that
1943 this presentation raises concerns ``the sponsor or presenter
1944 is closely affiliated, identified with a partisan political
1945 campaign, invitations are directed only to political
1946 employees of a Department, and the objectives and agenda of
1947 the program appear to have a partisan slant.'' Doesn't that
1948 describe what Mr. Jennings did to a T, as best you can
1949 recall?

1950 Ms. DOAN. Could you do each one of those? Do I have to
1951 answer them all at one time?

1952 Mr. CUMMINGS. Well, first of all, you said--let me go
1953 back.

1954 Ms. DOAN. Okay.

1955 Mr. CUMMINGS. You said something very interesting. You
1956 said that these meetings, these brown bag lunches, were for
1957 the purpose of team building, and I assume that you want your
1958 entire team to be built.

1959 Ms. DOAN. Yes.

1960 Mr. CUMMINGS. But these team-building lunches were only
1961 Republican appointees. So help me with that. On the other
1962 hand, you then seem to take a position that, oh, you just
1963 kind of mosied in late and didn't remember the very essence
1964 of the presentation. So it is sort of hard for me to ask you
1965 questions when you don't have a memory from two months ago.

1966 I am trying to refresh your recollection.

1967 Ms. DOAN. Thank you, Congressman, and I appreciate your
1968 giving me the opportunity. I do want to try to make this
1969 clear to you.

1970 First, as far as what you are considering my memory
1971 lapse, I have to tell you diversity opportunities for small
1972 and women-owned business, this is a passion for me. This is
1973 something I have dedicated years to. I love this. It is
1974 important. Of course I am going to remember it.

1975 I have to tell you polls and stuff like that, this isn't
1976 my thing. This isn't what really motivates me or energizes
1977 me.

1978 I had an incredible day on the 26th. I had the article
1979 in the paper. I had the letter from the Committee. I had
1980 just gathered together the group of folks who were going to
1981 assemble. And you guys got some of these documents. It was
1982 a huge submission that we gave to you all. This was our
1983 first time we had ever done it as a team, you know, made a
1984 submission for Congress. There was a lot going on.

1985 I came in just a little bit late at the beginning of the
1986 meeting. I apologized for coming in late. I didn't need to.
1987 But, frankly, I had a lot on my mind that day.

1988 Mr. CUMMINGS. Well, the question is: isn't team building
1989 important to you?

1990 Ms. DOAN. Team building is important to me, but this was

1991 not my meeting, and happily I didn't--this was one meeting
1992 where I did not have to take the lead. I could just sit back
1993 and coast on that.

1994 Mr. CUMMINGS. Do you believe from what you have seen so
1995 far and heard so far that this was a violation of the Hatch
1996 Act based upon what you learned from your lessons about the
1997 Hatch Act?

1998 Ms. DOAN. Congressman Cummings, I am not trying to be,
1999 you know, snappy or something with you, but I will tell you I
2000 am a businesswoman who is now in a Government job for her
2001 first time, and I will tell you that I cannot make a judgment
2002 on this, but I do know that the Office of Special Counsel is
2003 looking into this. I know that they are experts on it. I
2004 know they are going to make a decision, and I am going to
2005 live with it.

2006 Mr. CUMMINGS. Knowing what you know now, would you do it
2007 again?

2008 Ms. DOAN. I think I would have to--

2009 Mr. CUMMINGS. Would you invite a White House--

2010 Ms. DOAN. Absolutely. A White House liaison invites all
2011 sorts of people. We get people from personnel--

2012 Mr. CUMMINGS. And have charts that talks about
2013 targeting? You would do that, too?

2014 Ms. DOAN. I think that we will probably review charts in
2015 the future. There is no doubt about that. I think

2016 everything that you do you try to be better every time you do
2017 it. Certainly, especially given the concerns of this
2018 Committee, I do not want this Committee to be focused on
2019 these issues. We have important things we have got to do at
2020 GSA.

2021 Mr. CUMMINGS. That is our job. That is our job.

2022 Ms. DOAN. I know. That is why, as I said, we will do
2023 what we have to to make sure that we have the confidence of
2024 this Committee in the future because we do have important
2025 things we are trying to do at GSA. And I want you all to be
2026 working with me on it to try to make things better.

2027 Chairman WAXMAN. The gentleman's time has expired.

2028 Ms. DOAN. Thank you, Congressman Cummings.

2029 Chairman WAXMAN. Did you need--

2030 Mr. CUMMINGS. Just one question. Did you give \$200,000
2031 to the GOP?

2032 Ms. DOAN. I'm sorry? What?

2033 Mr. CUMMINGS. Did you give \$200,000 in contributions to
2034 the GOP?

2035 Ms. DOAN. Yes. I am happy to say that I--

2036 Mr. DAVIS OF VIRGINIA. Mr. Chairman, are we going to
2037 have regular order?

2038 Ms. DOAN.--am a Republican and a supporter of the party.
2039 I am proud of it. I am happy that we have President Bush as
2040 our President. I think he is a great man in very troubled

2041 times. I am not ashamed of this.

2042 Chairman WAXMAN. Thank you very much.

2043 The Chair would now recognize for five minutes Mr. Mica.

2044 Mr. MICA. Let me yield just a moment.

2045 Mr. DAVIS OF VIRGINIA. News flash. The President

2046 appointed a Republican to head GSA. I mean, this shouldn't

2047 surprise anybody.

2048 And let me just say I assumed that this chart was given

2049 all over town. It wasn't given to me, but they probably gave

2050 this to all the different agencies, and that may or may not

2051 be a good thing and this Committee is welcome to look at it,

2052 but I think to lay it on Ms. Doan when you have every Federal

2053 agency holding meetings with Schedule C, some of them weekly,

2054 monthly, she didn't call this meeting. I think we need to

2055 put it in perspective. What it tells me is that they are

2056 bankrupt. They are going after personal items. They are

2057 bankrupt, so now they are going after a White House political

2058 presentation.

2059 Mr. MICA. Thank you.

2060 That is kind of interesting, to follow what the Ranking

2061 Member said, that originally they went after her for this

2062 contract. When she came in, didn't you say that they were

2063 getting an F grade, or about to get another one?

2064 Ms. DOAN. That is true.

2065 Mr. MICA. This is on diversity. This is some of the

2066 | diversity of racial employment practices at GSA?

2067 | Ms. DOAN. Philippe Mendosa, who is our Office of Small
2068 | and Disadvantaged Business Utilization Administrator, came to
2069 | me. It was probably my sixth--I don't want to give exact
2070 | dates--fifth or sixth day on the job, and he told me that GSA
2071 | was getting a failing score from the SBA and what could we
2072 | do. We were failing in our opportunities to provide outreach
2073 | to small minority owned business, you know, service disabled
2074 | veteran businesses, HUD zone businesses, just--

2075 | Mr. MICA. So that is the reason--

2076 | Ms. DOAN. You know it. I jumped on it. I was on it.

2077 | Mr. MICA. Okay. As a Republican minority appointee,
2078 | this was something important to you, and that is why the
2079 | \$20,000 contract--how much does GSA let in contracts, \$66
2080 | billion?

2081 | Ms. DOAN. Between 56 and 60.

2082 | Mr. MICA. And this is interesting, because I am going to
2083 | follow the IG, because I don't like his performance. Grassley
2084 | talked about getting five fired. I may want to work with him
2085 | on six, because I am not liking the picture that I see in
2086 | some of the leaks and things that came out of the IG's office
2087 | to go after you, and they targeted you. They targeted you
2088 | because you just told us, in fact, that the day that this
2089 | occurred was the day you got the so-called political action
2090 | that was taken, and this conference call was taken the same

2091 day that you got the inquiry from the Committee?

2092 Ms. DOAN. No, no. It wasn't the same day. It was in
2093 the same timeframe.

2094 Mr. MICA. In the same timeframe?

2095 Ms. DOAN. We were in the process of--yes, we were
2096 preparing the submission.

2097 Mr. MICA. That is the point I am making. And this was a
2098 fishing expedition to get you, and what they are doing to you
2099 they are going to try to do to other appointees, so this is a
2100 good warning for folks. Someone who came out as a successful
2101 minority business person and took on GSA, she has been there
2102 eight months, and they have made this eight months hell for
2103 her. Wouldn't you agree with that?

2104 Ms. DOAN. It has been challenging.

2105 Mr. MICA. So look at the timeframe. Every part of the
2106 violations under the SUN contract, all of that took place
2107 before you ever got there. You came when? June?

2108 Ms. DOAN. June, 2006. June 1st was my first day on the
2109 job.

2110 Mr. MICA. We have the record of when that took place,
2111 and you were trying to--SUN, you said, was a very important
2112 component to Government services throughout the Government.

2113 Ms. DOAN. We have 27,000 vendors, and I want to say, in
2114 case it is on TV or something, all of my vendors are
2115 important and I am grateful for your business.

2116 Mr. MICA. All right. Again, on the video conference,
2117 which they are trying to make a big deal out of, that was the
2118 Political Office of the White House. Schedule C's are what?
2119 Political appointees, serve at the pleasure; is that correct?

2120 Ms. DOAN. That is true.

2121 Mr. MICA. And what are you?

2122 Ms. DOAN. I am a proud political appointee.

2123 Mr. MICA. Okay. Approved by--

2124 Ms. DOAN. By the President of the United States. Yes.

2125 Mr. MICA. And the Senate?

2126 Ms. DOAN. And I am Senate confirmed. Yes.

2127 Mr. MICA. Now, again, this is a fishing expedition. I
2128 have never seen anything like it, and targeting. So they
2129 couldn't find anything on the \$20,000, and it wasn't a
2130 contract. It was never a contract. Was it a contract?

2131 Ms. DOAN. There is a lot of debate back and forth as to
2132 whether it was.

2133 Mr. MICA. Was a contract let? Was a contract let?

2134 Answer me.

2135 Ms. DOAN. No, it was not. And I will tell you--

2136 Mr. MICA. Okay. There was no contract let?

2137 Ms. DOAN. Could it say one thing, Congressman? People
2138 always say, you know, you did a lot of business with the
2139 Government. How come you really couldn't tell the
2140 difference? And one of the things I would like to show you,

2141 | if you don't mind, is this is what I signed. It was a
2142 | service order. Attached to it was a draft outline of the
2143 | study, what we were going to do, trying to open doors and
2144 | opportunities. This is what I am used to seeing as a
2145 | Government contract. This is a standard form 33 that usually
2146 | is the Section A, the front page of every Government
2147 | contract. It requires the signature of a contracting
2148 | officer. This is what I am used to seeing. This is what I
2149 | call a Government contract. The service order to me, I am
2150 | trying to move this study forward.

2151 | Mr. MICA. And some of this appears that this is where
2152 | you initially rubbed the wrong way with the Inspector
2153 | General's Office. Is this where the edict came down?

2154 | Ms. DOAN. No. Actually, I think it started pretty much
2155 | in my first week or second week in the job where he asked me
2156 | for--

2157 | Mr. MICA. You added to the--

2158 | Ms. DOAN. No, no. It was a totally different thing. He
2159 | asked me for basically additional SES slots, which would have
2160 | taken all the ones that we had, and at the time we were
2161 | trying to hold them for the fast reorganization, so I think
2162 | we got off to a little bit of a bad start there.

2163 | Chairman WAXMAN. The gentleman's time has expired.

2164 | I recognize Ms. Watson for five minutes.

2165 | Ms. WATSON. Ms. Doan--

2166 Ms. WATSON. I have one additional question. Can I ask
2167 that, or does the minority--

2168 Mr. DAVIS OF VIRGINIA. Do it on our time.

2169 Ms. WATSON. Retrieving my time, Ms. Doan, the political
2170 activities of GSA seem to be part of a much broader and more
2171 troubling trend throughout the entire Federal Government
2172 under this Administration. We have learned, for example, how
2173 the White House and the Attorney General politicized the
2174 hiring and firing of U.S. Attorneys--that is going on right
2175 now, that debate--and our Nation's top law enforcement
2176 officers. In fact, we now know that Karl Rove's deputy, Scott
2177 Jennings, was involved in both scandals.

2178 This is not the only example. There have been civil
2179 rights enforcement at the Justice Department, and they have
2180 been undermined by political appointees; drug approvals at
2181 the Food and Drug Administration have been based on political
2182 calculations, not the best science; intelligence was twisted
2183 by White House officials to build a political case for war in
2184 Iraq; and not many people realize this, but there are now
2185 more political appointees working in this Administration than
2186 in any time in our Nation's history.

2187 Now, Ms. Doan, I know of your political activities, and
2188 I know of your donations, and it is fine to be political,
2189 active. It is your right and your obligation as a citizen,
2190 and we understand that. But we have got to maintain the rule

2191 of law. When you become a Government employee and when you
2192 become responsible for thousands of Government employees,
2193 then you have a heavy new responsibility.

2194 You can't turn that Agency into a political tool. When
2195 this was held up and you said that you did not remember
2196 hardly anything in it, that you came late and you had to
2197 leave, you have a heavy week, it is like turning your head
2198 away from political activities under your responsibility.

2199 My concern is that what has happened at the GSA may be
2200 happening at other agencies throughout this Government, and
2201 we surely see signs of that. So, Ms. Doan, do you know
2202 whether Mr. Jennings gave this presentation at any other
2203 Federal agencies?

2204 Ms. DOAN. I don't know anything about that.

2205 Ms. WATSON. Okay. But he did give it at yours?

2206 Ms. DOAN. Yes.

2207 Ms. WATSON. Okay. Do you think he prepared this just
2208 for the GSA? Or is it more likely that he adapted something
2209 he already had?

2210 Ms. DOAN. Congresswoman, I have no idea. I think you
2211 really would have to ask Mr. Jennings that question.

2212 Ms. WATSON. Okay.

2213 Chairman WAXMAN. Would the gentlelady yield to me?

2214 Ms. WATSON. I will yield, Mr. Chairman.

2215 Chairman WAXMAN. It sounds like it is not just GSA,

2216 | because the way the Republicans on our Committee say it is
2217 | just routine practice, it is done everywhere, well, I think
2218 | we ought to find out if that is the case, because it is a
2219 | violation of the Hatch Act. Thank you.

2220 | Ms. WATSON. Yes. I hope that he didn't just target your
2221 | Agency to hold you responsible for politicizing whatever goes
2222 | on at GSA in your Agency, and why did he choose you, so I
2223 | have some suspicions there.

2224 | Ms. DOAN. I cannot possibly speculate.

2225 | Ms. WATSON. I know. I am not asking you to. I am
2226 | stating an opinion for what I heard.

2227 | Ms. DOAN. Okay. I'm sorry.

2228 | Ms. WATSON. And I don't think that this presentation is
2229 | just tailored to GSA. Instead, it reads like a presentation
2230 | that might have been given to other agencies across the
2231 | Government, and I think that this Committee has the authority
2232 | and the right to have oversight. Why did they choose your
2233 | Agency to make this presentation? This is clearly targeting
2234 | Democrats to take their seats. Clearly, that is the purpose
2235 | of this.

2236 | Chairman WAXMAN. Would the gentlelady yield?

2237 | Ms. WATSON. I will yield, Mr. Chairman.

2238 | Chairman WAXMAN. The last few seconds she has.

2239 | You said politics is not your passion.

2240 | Ms. DOAN. No, no. I did not say that.

2241 Chairman WAXMAN. But you gave \$200,000--

2242 Ms. DOAN. I said polls, polls.

2243 Chairman WAXMAN. I see. But politics is one of your
2244 passions. You gave--

2245 Ms. DOAN. Politics should be the passion of every
2246 American citizen.

2247 Chairman WAXMAN. Yes.

2248 Ms. DOAN. This is what makes our country run.

2249 Chairman WAXMAN. Great. You gave \$200,000 to the
2250 Republican Party and you spoke at the Republican National
2251 Convention; isn't that accurate?

2252 Ms. DOAN. If I could just--

2253 Ms. WATSON. I am going to reclaim my time.

2254 Chairman WAXMAN. Regular order. You don't have any.

2255 Ms. WATSON. Sorry. I am going to reclaim my time.

2256 Chairman WAXMAN. You don't have any time.

2257 Ms. WATSON. You cannot tell me that, and would you
2258 please let me reclaim my time.

2259 Mr. DAVIS OF VIRGINIA. Mr. Chairman, can we have regular
2260 order.

2261 Ms. WATSON. How much time do I have?

2262 Chairman WAXMAN. Without objection, we will extend a
2263 courtesy to the gentlelady for one additional minute, and we
2264 will do the same for other members.

2265 Ms. WATSON. Thank you very much. I am trying to make a

2266 | point here. I think, Ms. Doan, your Agency has been targeted
2267 | and you have been used to spread White House politicizing in
2268 | your Department. I am so pleased that we are doing what we
2269 | should do, and that is to have these oversight hearings to
2270 | hear where there are violations of our laws, rules, and
2271 | regulations.

2272 | Thank you so much, Mr. Chairman.

2273 | Chairman WAXMAN. Thank you, Ms. Watson.

2274 | Mr. MICA. Mr. Chairman, just an inquiry. Parliamentary
2275 | inquiry.

2276 | Chairman WAXMAN. What is your parliamentary inquiry?
2277 | Yes, please?

2278 | Mr. MICA. Parliamentary inquiry is you just granted one
2279 | additional minute to the majority side. Is this a new change
2280 | in policy, and can I obtain one additional minute on the
2281 | minority side?

2282 | Chairman WAXMAN. Well, you had five additional minutes
2283 | that other members didn't have, and I asked without objection
2284 | she be given another minute, and I would hope if a member--

2285 | Mr. MICA. Well, if it wouldn't be granted to me could it
2286 | be granted to another--

2287 | Chairman WAXMAN. I will now recognize--

2288 | Mr. MICA. If we could have--

2289 | Chairman WAXMAN. The regular order is Mr. Issa, who is
2290 | now recognized.

2291 Mr. MICA. The committee is responsible for
2292 investigations and oversight. Are we going to be equal in
2293 conducting investigations and oversight or are we going to
2294 give the majority--

2295 Chairman WAXMAN. Your point is--

2296 Mr. MICA.--additional time and not the minority? I want
2297 that question answered.

2298 Chairman WAXMAN. Oh, please.

2299 Mr. MICA. I want the question answered.

2300 Chairman WAXMAN. Oh, please. If someone asks for
2301 additional--

2302 Mr. MICA. This is one of the most important committees
2303 in the Congress, and--

2304 Chairman WAXMAN. Do you want the question answered or do
2305 you want to speak?

2306 Mr. MICA. Investigations and Oversight, and are you
2307 going to grant special consideration to their side of the
2308 aisle and not to this side of the aisle? Now, I chaired for
2309 ten years--

2310 Chairman WAXMAN. Does the gentleman wish an answer, or
2311 does he wish to talk?

2312 Mr. MICA. And I chaired two of the committees in this
2313 Committee, Civil Service and--

2314 Chairman WAXMAN. The Chair will now recognize--

2315 Mr. MICA.--and also Criminal Justice--

2316 Chairman WAXMAN. The gentleman is using his time.

2317 Mr. MICA. I never, never denied the opportunity for a
2318 minority member or cut them off in questioning, and I expect
2319 the same courtesy for my members. What is the policy? This
2320 is a parliamentary inquiry in procedures, the conduct of one
2321 of the most important investigative committees of the United
2322 States Congress that dates back its function to the early
2323 1800s.

2324 Chairman WAXMAN. The gentleman stated a parliamentary
2325 inquiry and the Chair is prepared to answer his parliamentary
2326 inquiry. Under the rules, members are given five minutes for
2327 questioning. By unanimous consent an additional minute may
2328 be given. Under the rules, we ask that only opening
2329 statements today be given by Mr. Davis and myself. We asked
2330 unanimous consent for the gentleman that is complaining to
2331 have five minutes that other Members didn't get.

2332 If a member on the Republican side or the Democratic
2333 side asks for additional time, it will be up to the members,
2334 and I would hope that members would be generous enough not to
2335 cut people off. So the time now is to Mr. Issa, and I will
2336 start the five minutes for him so he will have his complete
2337 time.

2338 Mr. Issa, you are recognized.

2339 Mr. ISSA. Thank you, Mr. Chairman.

2340 On my five minutes, I would like to ask that regular

2341 | order be strictly adhered to unless there is unanimous
2342 | consent, and I trust in the future we can eliminate this
2343 | problem by doing so. I think if we are going to ask the GSA
2344 | and other organizations to strictly adhere to the rules,
2345 | regulations, and laws, we should do no less.

2346 | Administrator Doan, I am frustrated because I came out
2347 | of the business world, too, and I came to this Committee to
2348 | fight the bureaucracy that sits around us and behind us
2349 | throughout all of Government, the people who are there when
2350 | you arrive and will be there when you are gone.

2351 | Now, I just want to concentrate on one simple thing.
2352 | Your team, your team building, these are people chosen, some
2353 | confirmed and some just straight appointments, but, like
2354 | yourself, many are confirmed by the Senate. They are chosen
2355 | by the elected President of the United States to oversee and
2356 | to provide policy guidance and control over the largest body
2357 | of human beings that exist on the face of the earth working
2358 | for a government, our U.S. bureaucracy; isn't that right?

2359 | Ms. DOAN. That is true.

2360 | Mr. ISSA. And in your eight months I think you probably
2361 | found what I found in my nearly seven years now: that this is
2362 | a bureaucracy that will resist you at every point, isn't it?

2363 | Ms. DOAN. You are absolutely right.

2364 | Mr. ISSA. So when you talk about team building,
2365 | including a reminder that you worked at the pleasure of the

2366 | President, it is not inappropriate for you to understand, as
2367 | the slides, the one they don't tend to show you, show that
2368 | this President was right in the middle in his last mid-term
2369 | of how many seats he lost in the House. That is
2370 | informational, isn't it?

2371 | Ms. DOAN. Yes, it is public domain.

2372 | Mr. ISSA. And when you are looking at the presentation
2373 | by the President and how the President views his working
2374 | relationship and how he views his--you are receiving a
2375 | briefing from the man who appointed you and for whom the
2376 | Senate confirmed you?

2377 | Ms. DOAN. That is true.

2378 | Mr. ISSA. So, you know, the amazing thing here--and I
2379 | don't want to take a lot of time talking about the Body up
2380 | here--but would it shock you to find out that members of
2381 | perhaps this Committee's majority staff, and certainly
2382 | personal staff members of some of the people on that side and
2383 | some of the people on this side, they go to either the
2384 | Republican Committee or the Democrat Committee and they make
2385 | fund-raising calls on their lunch hour for members of
2386 | Congress, these Federal employees? Would that shock you to
2387 | find out?

2388 | Ms. DOAN. Thank you for telling me.

2389 | Mr. ISSA. Would you be shocked to find out that, well,
2390 | chiefs of staff, chiefs of mission, if you will, to our

2391 | Districts come back here to be briefed on Federal expense,
2392 | Federal expense. We bring them back here, we put them up in
2393 | housing, and guess what, they go to evening events either at
2394 | the Democrat Committee or the Republican Committee's expense
2395 | to find out how they can do a better job of keeping their
2396 | member in office. Would that surprise you?

2397 | Ms. DOAN. I didn't know that before, but thank you.

2398 | Mr. ISSA. Well, the American people probably are
2399 | surprised. And yet, in fact, that is a system that the
2400 | chairman is well aware, chairwoman, and so on, are all well
2401 | aware of.

2402 | But I want to go back to the team building. You have
2403 | been building a team to take this incredibly large
2404 | bureaucracy, one that was receiving F's for how it dealt with
2405 | disabled vets that had businesses, veterans that had
2406 | businesses, African Americans that had businesses, women that
2407 | had businesses, and, for that matter, small businesses, in
2408 | general. It had an F for reaching out and providing
2409 | opportunities for those contracts. That is one of the major
2410 | things you are working on, isn't it?

2411 | Ms. DOAN. That is one of many initiatives, but it is a
2412 | passion of mine, yes.

2413 | Mr. ISSA. And it is something that this Congress and
2414 | this Oversight Committee has wanted you to do, isn't it?

2415 | Ms. DOAN. That is very true, because, you know, it is

2416 | hard enough as it is if you are a small or minority or
2417 | woman-owned business or a service disabled veteran. You
2418 | know, I don't want working with the Federal Government to be
2419 | yet another barrier or challenge for them.

2420 | Mr. ISSA. Well, I tell you, I was recently given a small
2421 | award by my university, and I was honored with Ronny Harris,
2422 | the Golden Gloves champion of Mexico City. He is an African
2423 | American, small businessman in Ohio, and he finds it very
2424 | frustrating, with a successful business, doing business with
2425 | the Government. And you know what? It has nothing to do
2426 | with the fact that he happens to be minority owned. It is
2427 | just hard to do business with agencies, including the GSA.
2428 | So I, for one, commend you for concentrating on what is
2429 | important, which is building a team that will break through
2430 | the bureaucracy and will meet the objectives that the
2431 | American people care about, and one of the most important is
2432 | making your organization responsive to small and emerging
2433 | businesses and giving them opportunities.

2434 | I would like you just to tell us for a minute in the
2435 | remaining time how you are doing that and how this Committee
2436 | should be helping you do more of that.

2437 | Ms. DOAN. At least we are trying as hard as we can to do
2438 | a much, much better job. The first thing we have done is we
2439 | have finally been able to start awarding schedules in 30
2440 | days. This is the best and first opportunity for small and

2441 minority businesses to be a prime contractor, and that helps
2442 them with cash flow.

2443 The second thing we have done is we have just made the
2444 largest award of actual work, not just a hunting license, but
2445 the get-go contract for IT infrastructure support to a
2446 service disabled 8A company. We are really proud of that.
2447 It is the largest award of its kind. We have alliance small
2448 business. We have a lot of small business opportunities that
2449 are going to be out there. Even our satcom, our satellite
2450 procurement that is ongoing, very unusual, it is going to
2451 have a professional services component that will be for small
2452 and minority businesses. We are trying really hard to carve
2453 out opportunities because, you know, everybody can talk a
2454 good story, but when you are in the small business community
2455 you want efforts that have real meat to them. You want
2456 actual funding to go to your business. You don't want it to
2457 just be an open vehicle that has nothing behind it. This is
2458 what we are trying to change.

2459 Chairman WAXMAN. The gentleman's time has expired.

2460 Ms. DOAN. Sorry. I didn't mean to talk so long.

2461 Chairman WAXMAN. We allow full answer to the questions,
2462 but the question period is limited.

2463 I want to recognize Mr. Higgins, and as I do I want to
2464 inform all the members that it would be a violation of the
2465 law for them to make phone calls from their office soliciting

2466 | contributions. We have to go elsewhere to do it. We don't
2467 | use our offices, nor many of us think Government offices
2468 | should be used.

2469 | Mr. DAVIS OF VIRGINIA. Mr. Chairman, let me note, but
2470 | the rules pertaining to fundraising are different than other
2471 | items. Members politic in this building all the time.
2472 | Democratic conferences, Republican, talk about politics
2473 | within this building and within the Capitol, the conferences.

2474 | You can't raise money. No one solicited money in this case.

2475 | Chairman WAXMAN. All right. I accept your point.

2476 | Mr. Higgins?

2477 | Mr. HIGGINS. Yes, thank you, Mr. Chairman.

2478 | Let me, before I ask Ms. Doan several questions, let me
2479 | just clarify this issue of lunch hour and whenever this had
2480 | occurred. It doesn't matter under the Hatch Act whether it
2481 | was during the lunch or whether she invited employees. Under
2482 | the Hatch Act, the Administrator is not allowed to be present
2483 | at a political event on or off Federal property in which
2484 | these activities happened, if her subordinates were at the
2485 | event, even if they came voluntarily, because it is
2486 | considered inherently coercive.

2487 | Ms. Doan, the Committee has obtained internal e-mails
2488 | between the White House and GSA regarding political
2489 | presentation of Scott Jennings that he gave at GSA. I want
2490 | to ask you about those. They will appear up on screen here.

2491 Ms. DOAN. Is that what this is?

2492 Mr. HIGGINS. Yes. It is in your packet. I'm sorry.

2493 Let me first direct your attention to the e-mail dated

2494 January 19, 2007, which is on page one of your documents.

2495 This e-mail is from Jocelyn Webster, who works for Mr.

2496 Jennings at the White House, and she is writing to Tessa

2497 Truesdale. I understand that Ms. Truesdale is your

2498 confidential assistant?

2499 Ms. DOAN. Yes. She works in the Administrator's office

2500 for me.

2501 Mr. HIGGINS. In this e-mail Mr. Jennings' assistant is

2502 sending a copy of Mr. Jennings' slides to GSA. This is what

2503 Mr. Jennings' assistant says. "Please do not e-mail this

2504 out or let people see it. It is a close hold and we are not

2505 supposed to be e-mailing it around." My question is, can

2506 you tell me why Mr. Jennings' assistant says this is close

2507 hold and why you are not supposed to be e-mailing this

2508 around?

2509 Ms. DOAN. I can't imagine, since I am not actually on

2510 this e-mail. I think probably either Jocelyn or

2511 Joycelyn--I'm not sure what her name is--Joycelyn Webster or

2512 maybe Tessa Truesdale could answer that. But this isn't my

2513 e-mail.

2514 Mr. HIGGINS. I would like you to look closely at the

2515 e-mail from Mr. Jennings' assistant.

2516 Ms. DOAN. Is that the same one?

2517 Mr. HIGGINS. Yes.

2518 Ms. DOAN. Okay.

2519 Mr. HIGGINS. An image of the e-mail is up on the screen.

2520 If you look at the e-mail address, you can see that Mr.

2521 Jennings' assistant is sending this from GWB43.com account.

2522 The GWB43.com domain is owned by the Republican National

2523 Committee. Do you know why Mr. Jennings' assistant e-mailed

2524 this from a Republican National Committee account instead of

2525 a White House account?

2526 Ms. DOAN. No, I do not. This is not my e-mail and it

2527 was not addressed to me.

2528 Mr. HIGGINS. Do you know of any reason why Mr. Jennings'

2529 assistant would try to hide that she was communicating from

2530 the White House?

2531 Ms. DOAN. No. I don't. I am not familiar with her and

2532 this is not my e-mail or--

2533 Mr. HIGGINS. Let me put up another e-mail on the screen

2534 that is document 2-432. This is on page two of your packet.

2535 Ms. DOAN. Yes. I have got it.

2536 Mr. HIGGINS. This one is from Mr. Jennings, himself. He

2537 is using the Republican National Committee e-mail account,

2538 too. In this e-mail Mr. Jennings is using his GWB43.com

2539 account to communicate with GSA's White House liaison, J.B.

2540 Horton. My question is: were you aware that your staff was

2541 communicating with the White House officials who used e-mail
2542 accounts controlled by the Republican National Committee?

2543 Ms. DOAN. No, I was not.

2544 Mr. HIGGINS. Let me show you another e-mail on page
2545 three of your packet. This one is from your confidential
2546 assistant, Ms. Truesdale. She had apparently been contacted
2547 by GSA staff who wanted to do a trial run with a copy of the
2548 presentation on GSA's audio-visual equipment. Ms. Truesdale
2549 says that she can't share the document for use in a
2550 pre-meeting walk-through. Here is what she says, "I just
2551 heard back from the presenter, and, as much as the
2552 information is highly sensitive, he would prefer not to
2553 e-mail it."

2554 Ms. Doan, the e-mails show that Mr. Jennings regarded
2555 the briefing as "highly sensitive." His assistant also
2556 called them close hold, that other people should not see. Do
2557 you know why he would regard the briefing as highly
2558 sensitive?

2559 Ms. DOAN. No, I don't. I think you would have to speak
2560 to the person whose e-mail and all this attachments that it
2561 was.

2562 Mr. HIGGINS. I think the answer, Mr. Chairman, is
2563 obvious. The briefing is highly secretive because it
2564 contains partisan political analysis and strategy. The White
2565 House didn't want to share their target list with Democrats

2566 | and they didn't want Democrats to know whom they regarded as
2567 | most vulnerable Republican members.

2568 | It is perfectly appropriate for party leaders to compose
2569 | these kinds of political hit lists and to hold discussions
2570 | about political strategy among party officials. It is not
2571 | appropriate to use Government agencies to advance partisan
2572 | political agendas, yet that is exactly what happened here.

2573 | GSA's top officials were assembled to hear a
2574 | presentation about targeting Democratic members in the
2575 | upcoming elections, and then they discussed how GSA could
2576 | help Republican candidates. They did this in a Government
2577 | building during a week day where these officials should have
2578 | been doing business of the American people.

2579 | Mr. Chairman, I would like to make one other
2580 | observation. Mr. Jennings and other White House officials
2581 | appear to be using their Republican National Committee e-mail
2582 | accounts on a routine basis to discuss politically sensitive
2583 | topics. We know from documents obtained by the Judiciary
2584 | Committee, for example, that Mr. Jennings used the identical
2585 | Republican National Committee account to discuss the U.S.
2586 | Attorney firings that he was involved with, and we know this
2587 | from the Committee's work that the Abramoff investigation,
2588 | that the White House used Republican National Committee
2589 | e-mail accounts to communicate with Mr. Abramoff and his
2590 | staff.

2591 I think this is a subject the Committee should
2592 investigate, and it would be a serious abuse if White House
2593 officials were using these political e-mail accounts to
2594 subvert the requirements of the Presidential Records Act.

2595 Chairman WAXMAN. The gentleman's time has expired. Thank
2596 you, Mr. Higgins.

2597 Mr. Burton?

2598 Mr. BURTON. I used to be the chairman of this Committee.
2599 My picture is here some place.

2600 Ms. DOAN. I know. You look just like it.

2601 Mr. BURTON. I want to tell you, Ms. Doan, I really
2602 appreciate you coming here and being very open, and I want to
2603 thank you for the \$200,000 for the Republican Party. I wish
2604 more people would do that.

2605 Now, I have great respect for my colleagues on the other
2606 side of the aisle. I have worked with them on a lot of
2607 legislation, and Henry and I, the chairman, he was my ranking
2608 Democrat for six years. I want to give you a little bit of a
2609 history lesson, because this is pretty interesting.

2610 We had over 100, maybe 150 people that we had as
2611 witnesses that were dealing with the Clinton Administration
2612 that either took the Fifth Amendment or left the country.
2613 They wouldn't even talk to us. We had to issue over 1,200
2614 subpoenas to get people to come up from the White House to
2615 talk to us. And every time we did that Henry would say,

2616 ' 'This is a witch hunt. This is a witch hunt.' ' So I just
2617 want to say to my good friend, Henry, you know, there is
2618 nothing as self righteous as a reformed lady of the evening.

2619 Now, let me go into a few things that happened during my
2620 tenure as chairman. We had two guys that were downloading
2621 FBI confidential files into home computers, which is illegal.
2622 These are top secret things. Two guys, Marceca and
2623 Livingston. You know, when we had them before the Committee
2624 they could not remember who hired them at the White House.
2625 Now, Mr. Aldridge who was the FBI agent who worked down
2626 there, said that he was told by the Chief of Staff that
2627 Hillary Clinton hired them. But, of course, when we brought
2628 that up in the Committee, my god, this is a witch hunt, you
2629 can't talk about that. But they were downloading FBI files
2630 into home computers so they could get stuff on Republicans to
2631 give us a hard time.

2632 We had a guy named Johnny Chung come before the
2633 Committee who told us he got \$300,000 from the head of the
2634 Communist Intelligence Agency in Hong Kong in a restaurant
2635 saying that he wanted to give it to the Clinton
2636 Administration because he said he thought President Clinton
2637 was doing a good job and he wanted him re-elected. This was
2638 illegal. But, once again, this was just a witch hunt.

2639 We had a guy named John Whong--that was Johnny Chung,
2640 the first one. John Whong, who was a member of the Lippo

2641 Group, said that the Lippo Group of Indonesia gave the
2642 Clinton Administration millions of dollars in illegal
2643 campaign funds. But, once again, this was a witch hunt.

2644 We had people come from the White House. I had the
2645 Chief of Staff at the White House, his assistant, the Chief
2646 Counsel at the White House, person after person at the White
2647 House come down here and testify about all these things, and
2648 they couldn't remember a thing.

2649 We had what we called an epidemic of selective memory
2650 loss. It was really a difficult time. And all the while
2651 that this was going on my good friend, Mr. Waxman, kept
2652 saying in the media and all over the country, ''Burton is on
2653 a witch hunt. This is terrible. These are horrible things
2654 that were going on.''

2655 So I just want to tell you, Ms. Doan, you are here. You
2656 have not taken the Fifth Amendment. You have not fled the
2657 country. You are a patriotic American. I appreciate what
2658 you are doing by testifying here today. And don't let these
2659 guys intimidate you. And you haven't and I really appreciate
2660 that.

2661 Now, I have high regard for my Democrat colleagues, and
2662 I see a lot of new members over there, but before you start
2663 pointing fingers about something that really can't be
2664 proven--this is all spurious arguments that are being made.
2665 But before you start pointing fingers please do me a favor.

2666 Do me a favor. Go back and look at six years of
2667 investigations that we conducted when I was chairman of this
2668 Committee and find out how many people in the Administration
2669 couldn't remember things, how many people wouldn't talk, how
2670 many fled the country or took the Fifth Amendment, and then
2671 come back and say to me, ''Well, we want to be fair.''

2672 I yield the balance of my time to Mr. Davis.

2673 Mr. DAVIS OF VIRGINIA. On the e-mail--

2674 Chairman WAXMAN. Before you yield to Mr. Davis, I just
2675 want to point out--make sure this time doesn't count. Stop
2676 the clock. You have got one minute left. I just want to say
2677 to Mr. Burton his characterizations today are inaccurate,
2678 wrong.

2679 Mr. BURTON. This is my time. Let me just say let's go
2680 and get all the newspapers and the reports from the Committee
2681 and look at them. We will find out how inaccurate they are.
2682 Look at the papers and look at the records. You did that for
2683 six years, and now you are going to have to eat it.

2684 Chairman WAXMAN. If I might just conclude very, very
2685 briefly--

2686 Mr. DAVIS OF VIRGINIA. I just want to get--

2687 Chairman WAXMAN. I would like to put in the record a
2688 report that we did on Mr. Burton's investigation so people
2689 can see what we thought was going on, and we also heard what
2690 you had to say that you thought was going on. Without

2691 objection, that report will be made part of the record.

2692 Mr. BURTON. As long as mine is in there, I don't object.

2693 [The reports follow:]

2694 ***** INSERT *****

2695 Chairman WAXMAN. Mr. Davis has the last minute.

2696 Mr. DAVIS OF VIRGINIA. Thank you.

2697 You know, officials appointed by the President with the
2698 advice and the consent of the Senate who are in
2699 policy-determining positions and certain Presidential aides
2700 have restrictions, I mean are exempt from restrictions, the
2701 no politics portion, so I don't think a lot of this applies
2702 to you, but, anyway, the Office of Special Counsel is looking
2703 at this.

2704 Ms. DOAN. They are.

2705 Mr. DAVIS OF VIRGINIA. Despite members' individual
2706 opinions on this, I think what will be there will be. What I
2707 think is clear here is that this is now turning into an
2708 assault, less on you--I think you have acquitted yourself
2709 well today--than on the Administration, and raises other
2710 issues I suspect the Committee will be looking at over time.

2711 I just want to ask for the record, the e-mails that came
2712 to your aide that were put up on the board a couple of
2713 minutes ago, did you ever see those? Do you recall seeing
2714 them?

2715 Ms. DOAN. No, I did not.

2716 Mr. DAVIS OF VIRGINIA. So a lot of e-mails go to aides
2717 and stuff that never gets on your desk; is that correct?

2718 Ms. DOAN. That is very true.

2719 Mr. DAVIS OF VIRGINIA. Okay. I wanted to clarify that

2720 for the record.

2721 Once again, this is nothing that she did. This is
2722 something the White House evidently does on a fairly routine
2723 basis, and as far as you go, the initial allegations against
2724 you have now turned into just a lot of political mud
2725 fighting, unfortunately.

2726 Thank you.

2727 Ms. DOAN. Thank you.

2728 Chairman WAXMAN. The gentleman's time has expired.

2729 We will now go to Ms. McCollum.

2730 Ms. MCCOLLUM. Thank you, Mr. Chair.

2731 Looking at the GSA mission statement again, it talks
2732 about respect for fellow associations, professionals--

2733 Ms. DOAN. Excuse me, Congresswoman, could you talk just
2734 a tad louder.

2735 Ms. MCCOLLUM. Well, there has been so much yelling going
2736 on I thought maybe a softer voice might be appreciated.

2737 Under the GSA general missions, your values are listed:
2738 ethics--

2739 Chairman WAXMAN. Ms. McCollum, would you speak right
2740 into the mic? I'm even having trouble hearing you.

2741 Ms. MCCOLLUM. I couldn't get much closer to it, Mr.
2742 Chair. Maybe I don't have a good mic.

2743 Ethics and integrity in everything we do, respect for
2744 fellow associates, teamwork. When you received the briefing

2745 | on the Hatch Act, did you sign off any information? Did they
2746 | give you any booklets to get home?

2747 | I worked in the private sector for a long time and on
2748 | our ethics in retail to make sure that my employees were
2749 | doing things, they were handed a booklet. They signed off on
2750 | something, and once you signed off on it you became
2751 | responsible for it. It was your responsibility to read it
2752 | all. Do you recall if you were given anything?

2753 | Ms. DOAN. Congresswoman, I know I am under oath, so I
2754 | have to tell you I can't remember, but what I can do is we
2755 | can check and then I can come back to you with this after the
2756 | hearing with exactly. I do know that I had an ethics letter
2757 | that I had signed when I became a Presidential appointee, and
2758 | that was done by the General Counsel's office, you know, and
2759 | I signed off on that. I know I did that. I did attend a
2760 | Hatch Act briefing, but what I am having a little trouble
2761 | remembering is whether there was actually a document that at
2762 | the time of the briefing I had to sign off. But I can check
2763 | and follow up with you on that. Would you like me to do
2764 | that?

2765 | Ms. MCCOLLUM. Well, once any one of us signs off on
2766 | those things we assume a responsibility, a very serious
2767 | responsibility, especially when we are supervising
2768 | individuals. Class C employees are not exempt from the Hatch
2769 | Act. They are not exempt. So I want to go back, very

2770 | seriously, to a letter on March 13th that you sent to this
2771 | Committee, in which you stated there were no improper
2772 | political actions that occurred during or as a result of the
2773 | January 26th teleconference. But your statement doesn't
2774 | square with the facts, because Class C employees are not
2775 | exempt from the Hatch Act.

2776 | You also today--and I believe you read it, so you might
2777 | want to find it, because I don't want to misquote you or
2778 | misrepresent anything you have said--you talked about
2779 | advancing the policy of the Administration. Well, what
2780 | happened at this lunch is you were advancing the policy of
2781 | Karl Rove and Mr. Jennings, either with the best of
2782 | intentions or with no intentions, by what happened.

2783 | So let's go back to the slides. These slides are
2784 | clearly partisan. They are from the point of view of
2785 | Republican. They are not saying team, Democrats,
2786 | Independents, and Republicans. They say us versus them, in
2787 | fact. Slide 2-566 is called Lost Ground with Swing Voters.

2788 | Ms. DOAN. Which one? Do you have a page number or
2789 | something?

2790 | Ms. MCCOLLUM. It is 566. It is upside down. It is up
2791 | there, but right side up. Lost Ground with Swing Voters,
2792 | Republicans or Democrats. This is the Republicans losing
2793 | ground, is it not?

2794 | Ms. DOAN. Can I check with somebody?

2795 Ms. MCCOLLUM. Well, we will go to another slide.

2796 Ms. DOAN. Honestly, I am happy to give an official
2797 opinion, and if you say that it is we can just assume it is
2798 and let's go on.

2799 Ms. MCCOLLUM. Slide 2-567, Bigger Losses Among Men. Who
2800 had the bigger losses, Republicans or Democrats? It is
2801 Republicans.

2802 The next slide, 568, Long-Term Problems Among Latinos
2803 and Youth Vote. Who has the long-term problem? Democrats?
2804 It is not. The us in all of these slides are referring to
2805 the Republicans.

2806 Here is the last one I am going to show, 576. This one
2807 shows the Republicans' 72-Hour Get Off the Vote Effort made a
2808 difference in several races.

2809 You concede that this slide refers to our strategy,
2810 meaning the Republican strategy? They are not talking about
2811 the Independent strategy or the Democratic strategy in 2008.
2812 So I am asking you, your statement in writing, you regarded
2813 this briefing as team building among GSA appointees. What
2814 kind of team do you think this presentation was building? An
2815 Independent, a Democrat, or a Republican team?

2816 Chairman WAXMAN. The gentlelady's time is expired, but
2817 the witness will be permitted to answer.

2818 Ms. DOAN. I think she was just really probably trying to
2819 make a statement, so that is fine.

2820 Chairman WAXMAN. It sounded like a question to me. You
2821 don't want to respond?

2822 Ms. DOAN. Was it a question?

2823 Chairman WAXMAN. What kind of team were you building?

2824 Ms. MCCOLLUM. What kind of team were you building?

2825 Ms. DOAN. I am building the most incredible team in all
2826 of Government with incredible managers. Honestly, you guys,
2827 if you get past this and everything let me send you their
2828 bios. You have got to look at these people. You have never
2829 seen anyone like these managers that I brought in. I have
2830 brought in people. These are not your regular Government
2831 people. These are people from the outside. This is new
2832 blood. It is a great team. You have got to give them a
2833 chance. You really do.

2834 Chairman WAXMAN. Okay. The gentlelady's time is
2835 expired.

2836 Mr. Shays, you are next for questioning.

2837 Mr. SHAYS. May I ask how many members on the other side
2838 are still waiting to ask questions?

2839 Chairman WAXMAN. We have got a lot of them over here.

2840 Mr. SHAYS. This is my time and I would like to reserve
2841 it.

2842 Chairman WAXMAN. Okay. The gentleman will be called on
2843 later.

2844 Next in order in the Committee is Mr. Sarbanes.

2845 Mr. SARBANES. Thank you, Mr. Chairman.

2846 My questions are really trying to go to the process
2847 inside of GSA, and so I am particularly concerned about the
2848 questions that have been raised on the SUN Microsystems
2849 contract. It appears that for two years the career
2850 contracting officials inside of GSA were refusing to renew
2851 the contract because SUN wasn't giving the kind of pricing
2852 that it was giving to its commercial customers, as I
2853 understand it. And then the Government, which really means
2854 taxpayers, paid tens of millions of dollars more than we
2855 should have paid because SUN concealed larger discounts that
2856 the company was giving to the private sector. I am curious
2857 as to your role in this.

2858 The Committee interviewed one of the career contracting
2859 officials on the SUN negotiation, a fellow named Mike
2860 Butterfield, and he was opposed to signing the contract, as I
2861 understand, and he told the Committee that he had warned that
2862 signing a deal with SUN ``would mean getting discounts that
2863 would be inferior.'' But after he made his recommendation to
2864 end the negotiations, Jim Williams, who is your Commissioner
2865 of the Federal Acquisitions Service, told him that you wanted
2866 the SUN contract done anyway. I believe his exact words to
2867 Mr. Butterfield were, ``Lurita wants this contract awarded.''

2868 So my question is: did you tell Mr. Williams that you
2869 wanted the SUN contract to be done in spite of all of these

2870 reservations that had been brought forward?

2871 Ms. DOAN. I cannot give you an exact, verbatim quote,
2872 but what I can tell you is the sense of it, and that is that
2873 I spoke with Commissioner Williams and told him that I needed
2874 him to use his best judgment, put his best people on the
2875 effort, and try to understand what is the sense of it.

2876 I think, if you could just possibly allow me to give you
2877 just a little bit of the context of all of this, it only came
2878 to my attention because I was sort of abruptly told that SUN
2879 Microsystems had been referred for some kind of criminal
2880 judgment--that is probably not the legal word--to the
2881 Department of Justice, and I was absolutely astounded,
2882 because this was the first I had ever heard of this, and yet
2883 I had had, you know, multiple meetings with my Inspector
2884 General. It had somehow never come up. So that was sort of
2885 the entry point where I became engaged.

2886 But at no time in either event have I ever intervened.
2887 I do not believe that I have been intrusive in any way. I do
2888 believe that, as the head of the Agency, I have not just a
2889 right but also an obligation to be informed, to understand
2890 what is going on, and to make some actions transparent to
2891 everyone within our community. So obviously SUN Microsystems
2892 is a technology vendor that falls under our Federal
2893 Acquisition Service. Our Commissioner, Jim Williams, we were
2894 all, all of senior management, totally, totally in the dark.

2895 | We did not know any of these challenges were going on
2896 | connected to the Department of Justice, because we had not
2897 | been apprised. We had not been kept informed. We had not
2898 | been briefed. This was just completely mind boggling to me
2899 | that something of this scope could have happened, with
2900 | repercussions across the entire Federal Government, and that
2901 | nobody, not anybody, would have seen fit from the IG's office
2902 | or, you know, nowhere, they never came to me, they have come
2903 | to my chief of staff, they never came to the Commissioner,
2904 | who is directly affected and oftentimes meets with these
2905 | people every day. They never did that.

2906 | Mr. SARBANES. Thank you. Actually, I am not as
2907 | interested in that particular--

2908 | Ms. DOAN. This is not my time? I'm sorry. I thought
2909 | that was my time to talk.

2910 | Mr. SARBANES. I'm not as interested in--

2911 | Ms. DOAN. Sorry. This is my first hearing.

2912 | Mr. SARBANES.--that particular issue. What I am going
2913 | to is the people that were most familiar with the contract
2914 | who were bringing forth their concerns, it is interesting,
2915 | because you said the context you wanted to give me was that
2916 | your message back was exercise your best judgment, but that
2917 | directly contradicts the message that Mr. Butterfield feels
2918 | he was receiving, which was, despite your concerns about this
2919 | contract, we want this to be done. And when Mr. Butterfield

2920 | held his ground and refused to sign the contract, what
2921 | happened to him?

2922 | Ms. DOAN. I have never met Mr. Butterfield and I didn't
2923 | realize that he was a contracting officer. I do not know
2924 | what happened to him. But I will tell you that what you are
2925 | saying, I truly believe what you are implying, rather, seems
2926 | untrue. What I know is that Jim Williams is a great
2927 | Commissioner for the Federal Acquisition Service. He has
2928 | stellar judgment, and we have great contracting officers. I
2929 | don't know what Mike Butterfield said. I don't really know
2930 | what Jim Williams says. But what I do know is that--

2931 | Mr. SARBANES. Well, Mr. Butterfield--

2932 | Ms. DOAN.--I have said that--

2933 | Mr. SARBANES. What he told the Committee was that he was
2934 | replaced by another contracting officer named Shana Budd, who
2935 | then signed the contract. And the Inspector General--

2936 | Ms. DOAN. No, excuse me, who negotiated a great deal for
2937 | the American people, and in the process of doing that signed
2938 | a contract.

2939 | Mr. SARBANES. Yes. Well, our information is that it
2940 | wasn't a great deal for the--

2941 | Ms. DOAN. We must beg to differ on this.

2942 | Mr. SARBANES. Mr. Chairman, just 30 seconds.

2943 | Chairman WAXMAN. Without objection, the gentleman will
2944 | be given one additional minute.

2945 Mr. SARBANES. Thank you very much.

2946 What I am concerned about is the message that gets sent
2947 down from high levels to professionals in these agencies, and
2948 this is adding sort of the third leg to a three-legged stool
2949 I see in terms of an assault on Federal employees.

2950 The first piece that we have seen in your hearings, Mr.
2951 Chairman, is cutting resources to people that are trying to
2952 do their job. The second piece is contracting services out
2953 without the oversight that ought to be with them. And the
2954 third piece, which is evidenced here, is that when people try
2955 to do their job and they bring their best judgment to the
2956 table they are overruled from above in a way that I think is
2957 demoralizing for people in that Agency.

2958 Thank you.

2959 Chairman WAXMAN. Thank you, Mr. Sarbanes.

2960 Mr. Shays?

2961 Mr. SHAYS. Thank you, Mr. Chairman. I appreciate your
2962 recognizing me.

2963 I want to say to you, Ms. Doan, I think you have a
2964 remarkable history and you should be very proud of your
2965 accomplishments as a minority businesswoman who did something
2966 any American would be so grateful to do--create a business
2967 that you could be so proud of. And you did it, and many of
2968 us haven't. I congratulate you for that.

2969 I also want to thank you from the bottom of my heart for

2970 | your service to our country, for your willingness to step in
2971 | and basically make so much less than you make in the private
2972 | sector, and want to serve a President you believe in. And I
2973 | particularly appreciate it because now the President isn't so
2974 | popular, and the in thing is to say you hardly know the man,
2975 | and good for you.

2976 | You know, with hindsight I would have recommended to the
2977 | White House they not do this chart and I would have
2978 | recommended they should know to have probably said to you,
2979 | you know, this shouldn't happen on a Government site. But
2980 | this wasn't about how you were going to raise money and it
2981 | wasn't how you were going to undermine Democrats. It helped
2982 | explain why we lost. And I think we, Republicans, you know,
2983 | we lost because of corruption issues, we lost because we
2984 | weren't doing things as well as we should have. You know, a
2985 | terrible thing for someone to have learned. Frankly, I am
2986 | happy that that would have been conveyed so it would tell you
2987 | that, you know, if you want to help your country and you want
2988 | to help someone you believe in, just do a good job. That is
2989 | the message that I heard.

2990 | It is my understanding--and I want to say this--that
2991 | when you have had events, that you make sure Republican and
2992 | Democrats all know about it. And I fully understand if a
2993 | Democrat Administration is in power, you know, they might
2994 | notify our two Senators, or at least one of our Senators

2995 | first before they notify me, but they are going to invite me
2996 | and they are not going to say I have done a great job. They
2997 | will say the Senator has. I understand that, and I don't
2998 | lose sleep about it.

2999 | I feel like this Committee is straining at gnats and
3000 | swallowing camels at this particular hearing. We have had a
3001 | lot of very important hearings. This isn't one of them.

3002 | With that, I would like to yield time to my colleague.

3003 | Mr. DAVIS OF VIRGINIA. Thank you.

3004 | You never met Mr. Butterfield to your recollection; is
3005 | that correct?

3006 | Ms. DOAN. I still have not yet.

3007 | Mr. DAVIS OF VIRGINIA. And I'd just refer the gentleman
3008 | to Ms. Budd's, who did negotiate that, her comments that we
3009 | put in the record earlier in the day.

3010 | SUN Microsystems were referred to the Department of
3011 | Justice, is my understanding from the IG.

3012 | Ms. DOAN. That is what I believe.

3013 | Mr. DAVIS OF VIRGINIA. Did you do anything to stop them
3014 | from being referred? Did you step in the way and say we
3015 | can't do this?

3016 | Ms. DOAN. No, I did not.

3017 | Mr. DAVIS OF VIRGINIA. You just let the ordinary process
3018 | take its way and let the--

3019 | Ms. DOAN. Apparently, it actually had already been done,

3020 | but nobody bothered to inform me. It had already happened
3021 | two weeks before.

3022 | Mr. DAVIS OF VIRGINIA. And it would be helpful to know
3023 | that, wouldn't it?

3024 | Ms. DOAN. It would have been nice to at least have a
3025 | courtesy memo dropped to me or something.

3026 | Mr. DAVIS OF VIRGINIA. And that is really part of the
3027 | problem here, isn't it? The IG, who is supposed to report to
3028 | you, just--

3029 | Ms. DOAN. And he doesn't, and it is hard because we sit
3030 | with our vendors and they feel in many ways that we are
3031 | two-faced and we are not, you know, we are not understanding
3032 | of their issues, and it is very hard when you are sitting in
3033 | a meeting with someone and they know they have been referred
3034 | to the Department of Justice and you are smiling and doing a
3035 | meet and greet and you don't bring it up, and it looks like
3036 | we are duplicitous, when the truth of the matter is we were
3037 | simply uninformed.

3038 | Mr. DAVIS OF VIRGINIA. We don't debar companies for
3039 | referrals to Department of Justice, do we?

3040 | Ms. DOAN. No, we do not.

3041 | Mr. DAVIS OF VIRGINIA. It is not in the rules, is it?

3042 | Ms. DOAN. No. I think there has to be a ruling and a
3043 | finding and wrongdoing found.

3044 | Mr. DAVIS OF VIRGINIA. Yes, there has to be

3045 adjudication.

3046 Ms. DOAN. Nothing has happened in that area yet, to my
3047 understanding.

3048 Mr. DAVIS OF VIRGINIA. So if you were to debar them or
3049 throw them out for this and there had been no adjudication,
3050 you would probably be in violation of the law, wouldn't you?

3051 Ms. DOAN. Yes, but I don't think debarment would be
3052 happening even as a result. That is for the Department of
3053 Justice to decide what has to happen.

3054 Mr. DAVIS OF VIRGINIA. Exactly.

3055 Ms. DOAN. I think.

3056 Mr. DAVIS OF VIRGINIA. If they were convicted--

3057 Ms. DOAN. Can I just correct it, because I don't know
3058 the--

3059 Mr. DAVIS OF VIRGINIA. You are not an attorney.

3060 Ms. DOAN. The General Counsel for GSA is making wild
3061 signals to me.

3062 Mr. DAVIS OF VIRGINIA. Not renewing the contract would
3063 be de facto debarment.

3064 Ms. DOAN. Yes. right.

3065 Mr. DAVIS OF VIRGINIA. That is my point.

3066 Ms. DOAN. Okay. I am sorry.

3067 Mr. DAVIS OF VIRGINIA. But if SUN Microsystems is
3068 adjudicated, if Justice sees merit in this and moves forward,
3069 they could still be debarred, right?

3070 Ms. DOAN. Yes. It would then come to our suspension and
3071 debarment official and then he would take that action.

3072 Mr. DAVIS OF VIRGINIA. And that has not happened, has
3073 it?

3074 Ms. DOAN. No, that has not.

3075 Mr. DAVIS OF VIRGINIA. And if that came up, then you
3076 would review it on its face and weigh all the other factors?

3077 Ms. DOAN. Well, I wouldn't be. I actually have
3078 delegated that authority to the suspension and debarment
3079 official at GSA.

3080 Mr. DAVIS OF VIRGINIA. Well, that brings me up, because
3081 there were some allegations earlier about there was--and you
3082 might say this where the Big Five accounting firms or Four--I
3083 don't want to slight anybody--en masse, and you were told
3084 about that, and what would that have done to the Government
3085 to not have been able to get the accounting from the biggest
3086 accounting firms and have them eligible to do audits. That
3087 would have crippled.

3088 Ms. DOAN. It would have been devastating, especially
3089 since initially, when e-mail came to me, it was two weeks
3090 before the end of the fiscal year.

3091 Mr. DAVIS OF VIRGINIA. But you didn't do anything to
3092 interfere with that, did you?

3093 Ms. DOAN. No. It was a Sunday. I just wanted to be
3094 informed. I was hoping people could wait until Monday to do

3095 | it.

3096 | Mr. DAVIS OF VIRGINIA. Can you imagine what would have
3097 | happened if a debarment official debarred the Big Four
3098 | accounting firms with Government audits coming on and we had
3099 | to go to smaller companies that did not have the level of
3100 | expertise to get this done, and all of the sudden--

3101 | Mr. SHAYS. Could I ask for a unanimous consent?

3102 | Mr. DAVIS OF VIRGINIA.--you didn't know about--

3103 | Mr. SHAYS. Mr. Chairman, could I ask unanimous consent
3104 | for my colleague. It is my time.

3105 | Chairman WAXMAN. This is your time.

3106 | Mr. SHAYS. It is my time. And could I ask for unanimous
3107 | consent for an additional minute?

3108 | Chairman WAXMAN. I will let Mr. Davis complete his
3109 | sentence, but we have--

3110 | Mr. SHAYS. Could I ask for a unanimous consent for an
3111 | additional minute?

3112 | Chairman WAXMAN. The Chair will object, because we do
3113 | want to get another member able to ask questions.

3114 | Mr. DAVIS OF VIRGINIA. I think my point is simply this.
3115 | My understanding is that you just made an inquiry at that
3116 | point and wanted to be informed. You did nothing to
3117 | interfere with that decision.

3118 | Ms. DOAN. I did not.

3119 | Mr. DAVIS OF VIRGINIA. But had you not been informed and

3120 | that, in fact, took place, can you imagine coming up before
3121 | this Committee at that point and saying you were out of the
3122 | loop.

3123 | Ms. DOAN. Yes.

3124 | Mr. DAVIS OF VIRGINIA. Thank you.

3125 | Chairman WAXMAN. Let me ask you this question. Jim
3126 | Williams, your Commissioner of Federal Acquisition--

3127 | Mr. SHAYS. Point of order, Mr. Speaker. Point of order.

3128 | Chairman WAXMAN. The Chair has not taken his time.

3129 | Mr. SHAYS. And are you yielding yourself--

3130 | Chairman WAXMAN. I am asking a question. That is my
3131 | answer to your point of order.

3132 | Mr. SHAYS. I'm asking if you are yielding time. I am
3133 | raising a point of order. I would like to know--

3134 | Chairman WAXMAN. What is the point of order?

3135 | Mr. SHAYS.--if you are yielding yourself five minutes
3136 | now.

3137 | Chairman WAXMAN. I am yielding myself one minute.

3138 | Mr. MICA. Point of order. Point of order. Question.

3139 | The parliamentary inquiry about the rules--

3140 | Chairman WAXMAN. Look, you have carried on enough today.
3141 | I would like to ask a question.

3142 | Mr. MICA. I have a parliamentary inquiry.

3143 | Chairman WAXMAN. Jim Williams, your Commissioner--

3144 | Mr. MICA. I have a parliamentary inquiry--

3145 Chairman WAXMAN.--of Federal Acquisition Services--

3146 Mr. MICA. I have a parliamentary inquiry.

3147 Chairman WAXMAN.--told the Committee that he knew of
3148 the--

3149 Mr. MICA. Parliamentary inquiry.

3150 Chairman WAXMAN.--Department of Justice referral in
3151 early August.

3152 Mr. MICA. Parliamentary inquiry.

3153 Chairman WAXMAN. Did he not tell you that? And do you
3154 know why he didn't tell you if he didn't.

3155 Mr. MICA. Parliamentary inquiry.

3156 Ms. DOAN. I don't know what Jim Williams told you all.

3157 What I do know is that I was--I think it was--I don't want to
3158 go with the date, but it was, like, 26, 27, somewhere, 29,
3159 something like that. That was when I first heard about it.

3160 It is not, I believe--I don't know who heard about it first.

3161 I think you would have to probably follow up with me

3162 afterwards. I can do something in writing and figure out

3163 exactly that time line.

3164 Chairman WAXMAN. Okay. Thank you.

3165 Mr. MICA. Parliamentary inquiry.

3166 Chairman WAXMAN. It is Mr. Welch's time. What is your
3167 parliamentary inquiry?

3168 Mr. MICA. Parliamentary inquiry relates to yielding one
3169 additional minute to the minority member who requested it.

3170 He waited patiently for his time. Others were yielding--

3171 Chairman WAXMAN. I am sorry. That is not a
3172 parliamentary inquiry. It is, rather, a complaint, and I
3173 think an unfounded one.

3174 Mr. Welch?

3175 Mr. SHAYS. I do have a parliamentary inquiry, Mr.
3176 Chairman, and it is a sincere one. I just want to--

3177 Chairman WAXMAN. All of your statements are sincere.
3178 What is it?

3179 Mr. SHAYS. Well, I know, but I would like you to listen,
3180 and my request is this: would you think that your obligation
3181 is to yield yourself five minutes, because what I see is you
3182 yielding yourself one minute in between our questioning, and
3183 then we never know when your time is. So wouldn't it be
3184 logical that you would--

3185 Chairman WAXMAN. If the gentleman would permit, while I
3186 don't think that is a parliamentary inquiry, I gave Mr. Davis
3187 additional time. I didn't cut him off when his time
3188 finished. It wasn't a great deal of time.

3189 Mr. SHAYS. My parliamentary inquiry--

3190 Chairman WAXMAN. But I, as the Chair, have the
3191 prerogative of asking a question that related to this matter,
3192 and I said I yielded myself time for that. That is out of my
3193 time. But, if you will permit--

3194 Mr. SHAYS. Just one question.

3195 Chairman WAXMAN. Let me ask this of Mr. Welch. Do you
3196 want to take your time now, because we are going to have to
3197 respond to votes.

3198 Mr. SHAYS. I just want to know how the process works.

3199 Chairman WAXMAN. Well, you know how the process works.
3200 What is your question?

3201 Mr. SHAYS. The question is this: when you yield yourself
3202 time isn't it appropriate to yield yourself five minutes and
3203 to use your five minutes and not choose a minute here and a
3204 minute there and a minute here? That is my question.

3205 Chairman WAXMAN. Well, that is a good question, except
3206 the Chair does have prerogatives, and I have seen other
3207 chairmen, including yourself, use the prerogatives of the
3208 Chair to occasionally ask questions. I am not going to
3209 consider that in violation of the rules.

3210 Now, Mr. Welch--

3211 Mr. SHAYS. So you can give yourself time any time you
3212 want?

3213 Mr. WELCH. I will proceed if we have enough time for the
3214 vote.

3215 Chairman WAXMAN. I think we have five minutes.

3216 Mr. WELCH. Okay. Thank you.

3217 Ms. Doan, thank you. Just one very simple question
3218 about this presentation, and it is this: you know what the
3219 content is. It identifies the 20 Democratic targets to be

3220 | defeated in the next election. Was that a proper topic of
3221 | discussion and presentation at a lunch at your office?

3222 | Ms. DOAN. Congressman, there is an investigation open by
3223 | the Office of Special Counsel. I am not even going to try to
3224 | speculate on this. I am just going to let the investigation
3225 | take its course, let them make their decision. They are
3226 | independent. I will live with it.

3227 | Mr. WELCH. In your capacity as the head of that
3228 | organization, was that a proper topic of discussion at a
3229 | lunch?

3230 | Ms. DOAN. Congressman, I am going to let the Office of
3231 | the Special Counsel's investigation move forward and let them
3232 | make a judgment as to what they feel is appropriate or not.

3233 | Mr. WELCH. I heard you the first and the second time.

3234 | Ms. DOAN. Okay. Great.

3235 | Mr. WELCH. And let me ask you my question the third
3236 | time. In your capacity as the head of the organization,
3237 | where you have responsibility about the administration of
3238 | time within your office, was that a proper topic of
3239 | discussion?

3240 | Ms. DOAN. I am going to allow the Office of the Special
3241 | Counsel to make a decision on this investigation. Since it
3242 | is open, and this is exactly what they do, I am going to
3243 | allow them to make a decision as to whether they thought it
3244 | was appropriate or not.

3245 Mr. WELCH. Yes, but I am asking you whether you thought
3246 it was appropriate.

3247 Ms. DOAN. And, Congressman, I am going to allow the
3248 Office of Special Counsel, which has an open investigation,
3249 to proceed with the course of their investigation. I am not
3250 going to try to murky the waters one way or the other, and I
3251 am going to allow them to make their independent judgment,
3252 and I will live with it.

3253 Mr. WELCH. Well, I would be glad to live with your
3254 answer, if you would give me an answer.

3255 Ms. DOAN. I am happy to leave the investigation and the
3256 decision-making to the Office of the Special Counsel,
3257 Congressman.

3258 Mr. WELCH. If Nancy Pelosi called up and said that she
3259 wanted to come over or send somebody over to identify the top
3260 20 Republican targets, maybe some of our friends here, would
3261 that be a topic that you would invite her or her
3262 representatives to discuss at lunch?

3263 Ms. DOAN. We were very blessed to have Speaker Pelosi in
3264 our new San Francisco Federal building, and I'll tell you--

3265 Mr. WELCH. I didn't ask you if she was going to come to
3266 a ribbon cutting. Look, this is a very serious question.
3267 You have a very serious responsibility.

3268 Ms. DOAN. Yes.

3269 Mr. WELCH. The person who heads an agency has to make

3270 | certain that there is integrity in how the time of taxpayer
3271 | money and people working for taxpayers is used, whether they
3272 | are Schedule C employees or not. Right?

3273 | Ms. DOAN. Yes. I have a responsibility to--

3274 | Mr. WELCH. It is a very simple question. I honestly,
3275 | you know, I listened to you not remember, not remember, not
3276 | remember, despite what is very clearly a very good memory and
3277 | a very competent record of accomplishment in your own career,
3278 | so I found that a little frustrating.

3279 | Ms. DOAN. So does my husband, because I can never
3280 | remember our wedding anniversary.

3281 | Mr. WELCH. You want to know something? I am deadly
3282 | serious about this because it is a very simple question.

3283 | Ms. DOAN. I understand.

3284 | Mr. WELCH. And I find you being evasive on this, in all
3285 | candor.

3286 | I am asking you very simply, as the Chief Operating
3287 | Officer of this very important organization, whether you
3288 | think it was proper to allow a political appointee to come in
3289 | on lunch time and identify the 20 political targets in the
3290 | House races. It is a simple question that I am asking you.
3291 | I am asking you your opinion. I am not asking you what I
3292 | know to be the case if there is an ``investigation`` ongoing.

3293 | Ms. DOAN. I appreciate that, Congressman, and since
3294 | there is an open investigation ongoing and since this

3295 | investigation involves me I believe that I need to allow this
3296 | independent investigation by the Office of Special Counsel to
3297 | proceed without weighing in one way or the other and coloring
3298 | their judgment.

3299 | Mr. WELCH. How does it adversely affect the
3300 | investigation if you express an opinion about--

3301 | Ms. DOAN. I have not yet been interviewed.

3302 | Mr. WELCH.--using lunch to have a discussion targeting
3303 | political candidates?

3304 | Ms. DOAN. Congressman, I have not had an investigation
3305 | before by an Office of Special Counsel. I have actually not
3306 | testified in front of a Committee before. But what I will
3307 | tell you is that I will allow what is another organization's
3308 | responsibility, which is to make a decision on this matter,
3309 | to proceed. And I will wait and live with their judgment.

3310 | Mr. WELCH. Let's say an archbishop--I am a Catholic--

3311 | Ms. DOAN. So am I.

3312 | Mr. WELCH.--wanted to come in and proselytize at lunch.
3313 | Would that be a proper activity at lunch?

3314 | Ms. DOAN. I don't know. I might have to take the Fifth
3315 | on this. I don't know the murkiness of that.

3316 | Chairman WAXMAN. Would the gentleman yield?

3317 | You are going to have to answer this question to the
3318 | Special Counsel. Why can't you answer this question to us?

3319 | Ms. DOAN. And when the Special Counsel asks me, this is

3320 their purview. When they investigate and--

3321 Chairman WAXMAN. It is also our purview--

3322 Ms. DOAN. I appreciate that, Chairman.

3323 Chairman WAXMAN.--to ask you whether you think it is

3324 appropriate. I think it is a violation of the law.

3325 Ms. DOAN. Chairman--

3326 Chairman WAXMAN. Do you think it is appropriate?

3327 Ms. DOAN. Chairman, you are allowed to have an opinion--

3328 Chairman WAXMAN. I want your opinion.

3329 Ms. DOAN.--and this is a free country, I am allowed to

3330 have one, too, and my opinion is that I get to wait--

3331 Chairman WAXMAN. We are asking your opinion.

3332 Ms. DOAN. I am telling you. My opinion is I get to wait

3333 until the Office of Special Counsel makes a decision, and I

3334 will live with it.

3335 Mr. WELCH. That is not an opinion.

3336 Ms. DOAN. Yes, it is.

3337 Mr. WELCH. That is a--

3338 Ms. DOAN. It is my opinion.

3339 Mr. WELCH. That is a tactic.

3340 Ms. DOAN. No, no, no.

3341 Chairman WAXMAN. That is a tactic--

3342 Ms. DOAN. Politicians have tactics.

3343 Chairman WAXMAN.--of evasion.

3344 Chairman WAXMAN. The gentleman's time has expired. We

3345 | have a series of votes on the House floor. We will recess to
3346 | respond to those votes, then members who have not been
3347 | recognized will complete the questioning of Ms. Doan. Then
3348 | we will hear from the Inspector General.

3349 | Mr. TURNER. Mr. Chairman, if you might, please, if you
3350 | could recognize me and allow me to yield my time to the
3351 | Ranking Member so that he might have my time when we return,
3352 | I would greatly appreciate the favor.

3353 | Chairman WAXMAN. You want to do that now?

3354 | Mr. TURNER. If you would allow.

3355 | Chairman WAXMAN. We do have to respond to the vote.

3356 | Mr. TURNER. And then he could take his five minutes when
3357 | we return from voting.

3358 | Chairman WAXMAN. I will check the rules on that, but I
3359 | would certainly want to be as generous as possible to my
3360 | colleagues.

3361 | We will now adjourn to respond to the votes.

3362 | [Break.]

3363 | Chairman WAXMAN. The meeting of the Committee will come
3364 | back to order.

3365 | Mr. DAVIS OF VIRGINIA. Mr. Chairman?

3366 | Chairman WAXMAN. Yes?

3367 | Mr. DAVIS OF VIRGINIA. Let me just say at the outset
3368 | that I know some of my colleagues have expressed some
3369 | consternation about your inter-toning. When I was chairman I

3370 | would occasionally, as you know, tone in after a question for
3371 | clarification, and we have always had an understanding. We
3372 | don't try to abuse it, and I know you are bending over
3373 | backwards to be fair, but that is in tune with how I acted,
3374 | as well. I just wanted to clarify that. This has been a
3375 | rough hearing. We have some disagreements about this, but,
3376 | you know, I appreciate your trying to answer some of the
3377 | inquiries and just note for the record that I intoned when I
3378 | was chairman, as well.

3379 | Chairman WAXMAN. I appreciate that.

3380 | Mr. DAVIS OF VIRGINIA. And we are trying to get through
3381 | this.

3382 | Chairman WAXMAN. I appreciate that, and I want to be
3383 | fair to all the members on both sides of the aisle on this
3384 | Committee.

3385 | Mr. Tierney, it is your turn.

3386 | Mr. TIERNEY. Thank you, Mr. Chairman.

3387 | Chairman WAXMAN. Just a minute, Mr. Tierney. Ms. Norton
3388 | was ahead of you. I didn't see her walk in, but she is here,
3389 | and I am going to recognize her to take her turn.

3390 | Ms. NORTON. This may not be a welcome occasion. More
3391 | than most members, I am saddened by this occasion, surprised
3392 | even by it, because I have gotten to know you since you have
3393 | become Administrator. I share jurisdiction with this
3394 | Subcommittee. I also know personally about your

3395 | accomplishments and am proud of your accomplishments,
3396 | particularly as an African American businesswoman. I know
3397 | how likeable and bright you are.

3398 | One of the reasons why I think, for the Administration
3399 | people here, you have an obligation because you are not doing
3400 | your job when these people are making their transition from
3401 | the private sector. Anybody in the White House who had this
3402 | woman in on that call, you ought to be--that is who ought to
3403 | be punished.

3404 | Look, I am not going to ask the political questions,
3405 | because the most serious things that have happened here, as
3406 | far as I am concerned, the political questions are very
3407 | embarrassing, very straightforward, will be understood by the
3408 | public. I am more concerned about the IG and the SUN
3409 | Microsystems, and I can't ask about both of them.

3410 | Ms. Doan, I worked with the appropriators when you
3411 | combined Government policy and Congressional affairs, because
3412 | that, again, gave the impression of politicizing the Office
3413 | of Government Policy. Maybe it wouldn't have looked that way
3414 | in the private sector. That is an agency where GSA is the
3415 | lead Agency, but it controls travel and space use all around
3416 | the Government. It is kind of the CR. It kept that from
3417 | happening. But the IG, somebody should have told the
3418 | Administrator how sacred the IG was.

3419 | In your testimony--and you have got to explain how you

3420 | explain this--on page four you describe what amounts to your
3421 | attempt to order the IG. In black and white here it looks
3422 | like the Administrator is having problems with the IG, the
3423 | way he spends his money. And you say that the divisions were
3424 | required to supplement the Office of IG with an additional \$5
3425 | million above and beyond the budget that Congress had
3426 | approved and appropriated, and you quickly moved to address
3427 | this imbalance.

3428 | Administrator Doan, were you not aware that, in removing
3429 | this \$5 million, you were not removing money from the IG's
3430 | budget. Each division has set aside funds that are, indeed,
3431 | included in the budget of your Agency so that pre-audits may
3432 | occur. Pre-audits are what divisions do to make sure that
3433 | they will not be hauled before Congress for violations or for
3434 | not getting the best deal for the Government.

3435 | Your Agency manages \$56 billion in contracts for the
3436 | Defense Department, Homeland Security, and other agencies.
3437 | By taking that \$5 billion (sic), which divisions request
3438 | pre-audits be done of their work, very businesslike practice,
3439 | to assure they were getting the best deal for the Government,
3440 | you left the impression that you did not want, particularly
3441 | in eliminating the entire amount, that you did not want
3442 | pre-audits in order to assure that the best deal was being
3443 | done. Far from what your testimony says, as if somehow the IG
3444 | was over-spending, the money had been included and you

3445 | apparently had to restore it because the Hill went ballistic.
3446 | This money was included so that this \$56 billion in
3447 | contracts could be pre-audited to catch the kinds of errors
3448 | and bad deals that this Committee has already heard a great
3449 | deal about last year and this year.

3450 | Why do you characterize in your testimony as the IG
3451 | spending beyond his budget? Were you aware that this money
3452 | was already in the budget of your Agency to do pre-audits and
3453 | that you were de-funding all pre-audits for \$56 billion of
3454 | contracts when you did that?

3455 | Ms. DOAN. Do I have time to respond?

3456 | Chairman WAXMAN. Yes, please. Please respond.

3457 | Ms. DOAN. Congresswoman Norton, thank you for your kind
3458 | comments at the beginning.

3459 | To give you a very brief context, as I mentioned in my
3460 | hearing submission and in my oral presentation, when I came
3461 | to GSA this was an Agency that was in distress, and I
3462 | mentioned that it was over \$100 million deficit that I had to
3463 | immediately work to address. What I found was that the \$120
3464 | million that was sort of in the red, if we are going to go
3465 | from a business point of view, was actually in the division
3466 | that ironically was now being tasked with paying the \$5
3467 | million supplemental to the Inspector General.

3468 | I am not undermining oversight. I am totally supportive
3469 | of oversight.

3470 Ms. NORTON. I am just asking you a question. Did you
3471 know that that money was included in your budget precisely
3472 for pre-audits, and that he was not over-spending his budget?

3473 Ms. DOAN. What I know is that this funding was coming
3474 from a failing division that was already \$120 million in the
3475 red and they were required to supplement it. What I have
3476 always said is I approve--

3477 Ms. NORTON. And so you think--

3478 Ms. DOAN.--of oversight because I want it to occur--

3479 Chairman WAXMAN. The gentlelady's time has expired.

3480 Ms. DOAN.--in the appropriated dollars from the
3481 Inspector General. That is all I have asked. Do as many as
3482 you want, be as independent as you want, but do it within
3483 your appropriated funding.

3484 Chairman WAXMAN. Thank you.

3485 Mr. Tierney?

3486 Mr. TIERNEY. Thank you, Mr. Chairman.

3487 Ms. Doan, I think today's hearing is pretty much about
3488 judgment, and yours in particular, and I know we are not
3489 going to go into political slides again. I accept the fact
3490 that you apparently want to give no opinion on that. But on
3491 the diversity issue, before you decided to give a contract to
3492 Edie Fraser had you ever personally reviewed the Small
3493 Business Administration report that granted an F to the
3494 Agency?

3495 Ms. DOAN. I'm sorry? What?

3496 Mr. TIERNEY. Before you decided to look in the direction
3497 of Edie Fraser, had you ever personally reviewed the SBA
3498 report that gave an F to your Agency on the diversity issue?

3499 Ms. DOAN. I had spoken with Philippe Mendosa, our
3500 OSDBUA. I trust him, and he at that time was warning me,
3501 giving me a heads-up, it is coming.

3502 Mr. TIERNEY. Okay.

3503 Ms. DOAN. It did, indeed, come.

3504 Mr. TIERNEY. So had you looked at the report, the SBA
3505 report, before you wanted to contract Edie Fraser--

3506 Ms. DOAN. I believe that Philippe Mendosa tells the
3507 truth, and when he tells me that--

3508 Mr. TIERNEY. Ma'am, this isn't rocket science. I am
3509 asking you a question, and I am asking you to do it. The Mr.
3510 Smith Goes to Washington stuff is old already, and it is not
3511 even over for this hearing, so just please answer the
3512 question. Did you personally look at the SBA report before
3513 you looked in the direction of Edie Fraser for a contract?

3514 Ms. DOAN. I appreciate what you are trying to ask--

3515 Mr. TIERNEY. No, you don't, because you are not
3516 answering it. Did you or did you not?

3517 Ms. DOAN. Congressman--

3518 Mr. TIERNEY. Did you or did you not personally look at
3519 the SBA report?

3520 Ms. DOAN. Congressman Tierney--

3521 Mr. TIERNEY. Are you going to--Mr. Chairman, would you
3522 direct the witness to answer and be responsive?

3523 Ms. DOAN. Would I be allowed to just--

3524 Chairman WAXMAN. This is the time for members to ask you
3525 questions.

3526 Ms. DOAN. Okay.

3527 Chairman WAXMAN. There is a limited amount of time.

3528 Ms. DOAN. I am sorry.

3529 Chairman WAXMAN. If it is a yes or no question, answer
3530 it yes or no. If you say you don't know, that is fine.

3531 Ms. DOAN. Okay. I appreciate it. I'm sorry, Chairman.

3532 Chairman WAXMAN. Just answer the question directly.

3533 Ms. DOAN. This is the first time I talked with him. I
3534 was trying to be respectful.

3535 The answer to that, Congressman, is no.

3536 Mr. TIERNEY. Thank you. Now, had you talked to the
3537 people, your own Office of Minority and Disadvantaged
3538 Matters, about that report, about the F?

3539 Ms. DOAN. Yes. I talked with Philippe Mendosa.

3540 Mr. TIERNEY. And did you do it in detail to find out
3541 what that report and findings were, what the data was behind
3542 it?

3543 Ms. DOAN. Yes. We had a pretty long talk. I think we
3544 spoke in our first meeting for--

3545 Mr. TIERNEY. So the answer is yes?

3546 Ms. DOAN. Yes. The answer is yes.

3547 Mr. TIERNEY. Thank you very much. If I direct your
3548 attention to page 16 of your packet, please, I want to show
3549 you a fact sheet that the GSA career people put together
3550 during the SUN Microsystems contract negotiations. It says
3551 in the post-audit audit, which covered 1999 to 2005, we have
3552 forfeited \$70.4 million in reseller price reductions and
3553 \$7.04 million in GSA price reductions, for a total of \$77.4
3554 million. That was the last five years. The career auditors
3555 also discussed what would happen for the next three years of
3556 GSA signed the contract, and the fact sheet says about that,
3557 for the remaining three years on the extension option, if we
3558 accept SUN's proposed price reduction clause, we estimate we
3559 will lose a minimum of \$13.1 million in reseller price
3560 reductions and \$1.31 million in GSA contract price
3561 reductions, for a total of \$14.41 million.

3562 Had you read that or familiarized yourself with that
3563 part of the report before Shana Budd took over for Mr.
3564 Butterfield?

3565 Ms. DOAN. No, I did not, because I did not in any way--

3566 Mr. TIERNEY. Okay. So without having read that--

3567 Ms. DOAN.--get involved in this process.

3568 Mr. TIERNEY. Without having read that, all right, Shana
3569 Budd comes on, and she then, within nine days of the time she

3570 takes the job, for a matter that has been going on for a
3571 couple of years, within nine days she then signs a contract
3572 with returns highly unfavorable to the taxpayer, and when we
3573 asked her about it, the Committee asked her about it, she
3574 said, well, she doesn't rely on auditors to determine
3575 contract prices. Her approach is just to do what the
3576 contractor wants. That is a serious judgment issue.

3577 You are her boss. You don't look into this report or
3578 even know what the projected losses are or what the past
3579 losses are. You hire a woman whose approach, apparently
3580 which you adopt, is that she just wants to do what the
3581 contractor wants to do.

3582 The Inspector General then goes on to say that, with
3583 regard to your involvement in this, it is the first time we
3584 are aware of which an Administrator has personally intervened
3585 in this way.

3586 Now, you, on the other hand, tell Senator Grassley in
3587 his letter that you weren't involved. I wasn't briefed by
3588 FAS in August or any other time on the SUN Microsystems
3589 contract deficiencies. I had no knowledge of the
3590 negotiations or the basis for decisions made regarding this
3591 contract.

3592 I direct your attention to page four of your packet. On
3593 August 27, 2006, Marty Wagner, Jim Williams' deputy at FAS,
3594 the Federal Acquisition Service, sent an e-mail to your chief

3595 of staff, John Phelps, explaining that the SUN contract was
3596 likely to be canceled because they couldn't meet contract
3597 requirements on pricing. Your chief of staff forwarded the
3598 e-mail directly to you with this message: ``Lurita, wasn't
3599 sure you had seen this or not. Looks like Jim's prediction
3600 came true.'' He is referring, of course, to Jim Williams,
3601 the Commissioner of the FAS.

3602 Three minutes later you wrote back your chief of staff,
3603 Mr. Williams, saying, ``This is truly unfortunate. There
3604 will be serious consequences felt across the FAS.''

3605 Less than an hour later Mr. Williams writes back to you
3606 stating that he has scheduled a meeting with the president of
3607 SUN's Federal sales to see what can be done to resurrect the
3608 partnership.

3609 Then you have an e-mail exchange between Washington
3610 Management Group, a fellow named Larry Allen--I'm looking at
3611 page seven of your packet. Mr. Allen works for the
3612 Washington Management Group. That firm represents SUN in the
3613 negotiations. Mr. Allen also runs a group called the
3614 Coalition for Government Procurement that just happens to
3615 have SUN as a premier member.

3616 In that packet you will see an e-mail dated September 7,
3617 2006, from Mr. Allen that says, ``Ms. Doan, I understand that
3618 new life has been breathed into the SUN situation. They are
3619 meeting with Mr. Williams today, among other things, and I

3620 understand that a new deal is, indeed, possible within the
3621 30-day timeframe you have envisioned.''

3622 Chairman WAXMAN. The gentleman's time has expired.

3623 Mr. TIERNEY. My question is, Ms. Doan, how can you tell
3624 Senator Grassley that you had no involvement in this at all
3625 and then look at that trail of e-mails?

3626 Ms. DOAN. Because I was not directly involved in this
3627 matter at all. What I did do is exercise proper oversight
3628 that I should do as the administrator of GSA. Larry Allen
3629 is, to my knowledge, the head or president or something of
3630 the Coalition for Government Procurement. This is the
3631 capacity in which I know him, in which I have met with him,
3632 with all of our schedule holders and things of that nature.
3633 I think you are mischaracterizing this and I think it is a
3634 little bit outrageous what you are trying to say.

3635 Mr. TIERNEY. Just read the--I am not mischaracterizing.
3636 I directed you to the e-mails. Just read it. I was reading
3637 literally from it.

3638 Chairman WAXMAN. The gentleman's--

3639 Mr. TIERNEY. That is not a characterization; that is a
3640 quote.

3641 Chairman WAXMAN. The gentleman's time has expired.

3642 Mr. Davis, you can be recognized now.

3643 Mr. DAVIS OF VIRGINIA. Thank you.

3644 Chairman WAXMAN. Five minutes.

3645 Mr. DAVIS OF VIRGINIA. You were not directly in the
3646 negotiations with SUN Microsystems, correct?

3647 Ms. DOAN. No, I was not.

3648 Mr. DAVIS OF VIRGINIA. Basically, you were up there
3649 saying we would like to keep this going. What would have
3650 been the ramifications on the supply schedule if SUN
3651 Microsystems were not an option for Government buyers?

3652 Ms. DOAN. I think this would be very dire for the
3653 Federal Government.

3654 Mr. DAVIS OF VIRGINIA. Can you explain why?

3655 Ms. DOAN. Because SUN Microsystems has servers, it has
3656 software, it has java scripts, that everyone in the Federal
3657 Government uses. They may not be aware of it, but it is one
3658 of the things that is the backbone of their internet and many
3659 other areas.

3660 Mr. DAVIS OF VIRGINIA. And if you didn't offer your
3661 supply schedule, is it likely it would have been offered on
3662 other supply schedules, perhaps at even more disadvantageous
3663 rates?

3664 Ms. DOAN. I think it would have been much more expensive
3665 for the Federal Government to purchase SUN products.

3666 Mr. DAVIS OF VIRGINIA. You can't just measure it by what
3667 is on your schedule.

3668 Now, let me just ask you, on the procedures on this, as
3669 I understand it, once on the schedule SUN is not guaranteed

3670 | any business at all, correct?

3671 | Ms. DOAN. No, they are not.

3672 | Mr. DAVIS OF VIRGINIA. A Government agency orders items
3673 | off the schedule after it reviews the prices of at least
3674 | three schedule holders; isn't that correct?

3675 | Ms. DOAN. That is true.

3676 | Mr. DAVIS OF VIRGINIA. So SUN would offer their prices.
3677 | If they weren't competitive, a Government buyer could go
3678 | somewhere else, is that correct, to some of the other
3679 | schedule holders that offer same or similar services?

3680 | Ms. DOAN. That is true.

3681 | Mr. DAVIS OF VIRGINIA. And the chosen contractor would
3682 | have to represent the best value. Now, throughout the
3683 | process, ordering agencies are encouraged to seek and often
3684 | receive significant price reductions above and apart from the
3685 | discounts that are encompassed in the schedule prices. So
3686 | even if the schedule price is something, isn't it true--and
3687 | we have been through this before--that very often the
3688 | negotiated price is far lower than what is on the schedule?

3689 | Ms. DOAN. Yes. That is what we hope and anticipate.

3690 | Mr. TIERNEY. Would the gentleman yield?

3691 | Mr. DAVIS OF VIRGINIA. I would be happy to.

3692 | Mr. TIERNEY. Thank you. If SUN Microsystems wasn't on
3693 | the schedule, somebody else would be; is that correct?

3694 | Mr. DAVIS OF VIRGINIA. No. I can answer that.

3695 Mr. TIERNEY. SUN Microsystems was the only one offering
3696 on that schedule, was it?

3697 Mr. DAVIS OF VIRGINIA. No. There were a lot of people
3698 on the schedule.

3699 Mr. TIERNEY. Exactly. That is my point.

3700 Mr. DAVIS OF VIRGINIA. Well that is my point.

3701 Mr. TIERNEY. And your staff had filed a report that said
3702 it was going to cost \$77 million plus if you sign the
3703 agreement with them to put them on the schedule.

3704 Mr. DAVIS OF VIRGINIA. Let me--

3705 Mr. TIERNEY. I am hard pressed to see what you are
3706 losing by not having them on.

3707 Mr. DAVIS OF VIRGINIA. As someone who has spent their
3708 career on this, I can explain it very quickly. There are
3709 going to be some Government servers that are SUN systems that
3710 are going to want to continue with SUN products. If they
3711 can't get it off the schedule, they would go to NASA soup or
3712 GWETS or they may go off the schedule entirely and buy it on
3713 the market, which traditionally had been much higher prices.
3714 That is one of the concerns with this.

3715 Now, let me just ask, the contract that Mr. Butterfield
3716 was negotiating--maybe this is to a detail you don't know,
3717 but maybe you have learned it after the fact--we didn't say
3718 yes to the contract he said no for. There were changes,
3719 weren't there, after Mr. Williams negotiated it?

3720 Ms. DOAN. That is true. It was a negotiation, which
3721 means there is give and take on both sides.

3722 Mr. DAVIS OF VIRGINIA. And when Mr. Butterfield was
3723 relieved at that point and Shana Budd came in and negotiated,
3724 she negotiated a different agreement than what Mr.
3725 Butterfield had offered; isn't that right? Both parties
3726 moved?

3727 Ms. DOAN. That is my understanding, that both parties
3728 moved.

3729 Mr. DAVIS OF VIRGINIA. And maintenance was one of the
3730 key elements of this?

3731 Ms. DOAN. Yes, I believe it was.

3732 Mr. DAVIS OF VIRGINIA. A key element throughout. So I
3733 think it is important for this Committee to understand how
3734 schedules work, how these are negotiated. That is certainly
3735 appropriate. But I think the key here is all you were doing
3736 as the Administrator was to just keep the negotiations going.

3737 Ms. DOAN. That is exactly right.

3738 Mr. DAVIS OF VIRGINIA. Because you recognized what it
3739 could do to the schedules, what it could do to Government
3740 buying options if you didn't reach an agreement. You never
3741 dictated an agreement, did you?

3742 Ms. DOAN. That is exactly correct.

3743 Mr. DAVIS OF VIRGINIA. You didn't walk into a room and
3744 negotiate directly with SUN Microsystems, did you?

3745 Ms. DOAN. No, I did not.

3746 Mr. DAVIS OF VIRGINIA. You didn't appoint the
3747 contracting officers that negotiated it, did you?

3748 Ms. DOAN. No, I did not.

3749 Mr. DAVIS OF VIRGINIA. So I think if members have
3750 questions, we are asking the wrong person. To my way of
3751 thinking, she did the appropriate thing to try to get a more
3752 inclusive schedule. SUN Microsystems' business, less than 10
3753 percent of it is with the Federal Government. If we say no
3754 to them, they can walk around the world and sell their
3755 products, and they don't have to sell at discounts here when
3756 they can sell at a fuller price other places.

3757 We have held hearings on this before. One of the
3758 difficulties is trying to get companies that traditionally
3759 don't sell to the Government to sell to the Government, where
3760 we can get the variety of prices and the options and the
3761 technologies that are being developed in the private sector
3762 and apply them to Government. But because Government has a
3763 different set of regulations, a different set of accounting
3764 standards, a different set of rules, some companies just find
3765 it disadvantageous to redo all of these kind of things. We
3766 try to work through the procurement process to find options
3767 to bring them in.

3768 So I don't know that there is anything necessarily
3769 improper about this. Time will tell if this was the right

3770 | approach or not. It is hard to say if you save or lose
3771 | money, because we don't know how SUN Microsystems competes
3772 | with other products that are on the schedule right now once
3773 | you have to go to three for Government buyers to choose
3774 | whether they want SUN Microsystems or something else on the
3775 | schedule and get the best deal; is that correct?

3776 | Ms. DOAN. That is correct.

3777 | Mr. DAVIS OF VIRGINIA. Thank you.

3778 | Chairman WAXMAN. Mr. Clay?

3779 | Mr. CLAY. Thank you, Mr. Chairman.

3780 | Thank you, Ms. Doan, for being here today. Ms. Doan, it
3781 | is my understanding that, as Administrator of the GSA, you
3782 | manage over \$56 billion in contracts. What percentage of the
3783 | GSA contracts is currently held by minority owned businesses?

3784 | Ms. DOAN. I do not have that fact at this moment. Can
3785 | you hold one minute?

3786 | Mr. CLAY. Sure.

3787 | Ms. DOAN. Could we follow up with you after the record
3788 | for that precise number?

3789 | Mr. CLAY. You certainly can. I would appreciate a
3790 | description of what types of programs you have.

3791 | [The information follows:]

3792 | ***** COMMITTEE INSERT *****

3793 Mr. CLAY. Let me ask you, during your ten month tenure,
3794 how many contracts have you personally awarded to minority
3795 owned businesses?

3796 Ms. DOAN. I haven't personally awarded any contracts to
3797 minority or large businesses

3798 Mr. CLAY. Okay. All right. You stated in your written
3799 testimony that it was outrageous for the Committee to cite
3800 that, as an example of the personal assistance Ms. Fraser
3801 provided to you--she assisted your high-school aged daughter
3802 in securing a Congressional internship--you denied that Ms.
3803 Fraser assisted you and called the suggestion despicable;
3804 yet, in her interview with the Committee Ms. Fraser was asked
3805 this very question and confirmed that she called a Senate
3806 office to seek an internship for your daughter.

3807 Here is what Ms. Fraser told the Committee: ``I am
3808 really glad you asked that question because I think it is a
3809 really--if there is any humor in this whole situation, you
3810 know, when she said to me, you know, Edie, I am so dedicated
3811 to the Republicans, you are so dedicated to the Democrats.
3812 My daughter needs to learn there is another side. And so I
3813 called the administrative assistant to Senator Stabenow and
3814 said, 'This high school kid, you know, all their high school
3815 has internships in Government and in the Senate. Would you
3816 take her on?' ''

3817 So, Ms. Doan, it was Ms. Fraser who said that she did

3818 | this for you. By the way, no one has suggested that your
3819 | daughter did anything wrong by accepting Ms. Fraser's help,
3820 | but perhaps you would like to reconsider your statement to
3821 | Congress that Ms. Fraser did not provide any assistance, in
3822 | light of Ms. Fraser's clear testimony that she did.

3823 | Ms. DOAN. What I believe I said--and if I am incorrect
3824 | maybe I will check my letter that I wrote to the Committee.
3825 | What I said is that this is a 40-year program that is hosted
3826 | by Madiera High School that has been well documented. It
3827 | provides 90 interns, non-paying, throughout the entire
3828 | Federal Government. I am happy to hear that she had support
3829 | from so many different people, but this is how--they have
3830 | interns in many, many offices, both Democratic side and the
3831 | Republican side, the House, and the Senate. Every junior at
3832 | this high school does this. It is a very well-recognized
3833 | program. That is what I believe, something of that nature I
3834 | think I wrote in that.

3835 | I still believe, and I will say this, the fact that you
3836 | are willing to keep pushing this point absolutely indicates
3837 | your willingness to drag whatever kind of extraneous things
3838 | in. There is nothing wrong. I was not the Administrator at
3839 | the time. This is a high school child--

3840 | Chairman WAXMAN. Will the gentleman yield?

3841 | Mr. CLAY. I will yield to the gentleman from California.

3842 | Chairman WAXMAN. I just want to read that, what you said

3843 | in your statement. This is what you said: ``Over three years
3844 | ago, as a high school junior, my daughter participated in a
3845 | mandatory school-sponsored community service program. School
3846 | counselors worked directly with members of the House and the
3847 | Senate to arrange for entry-level, non-paying positions. My
3848 | innocent daughter was assigned to the staff of Senator Debbie
3849 | Stabenow.``

3850 | Now, what Mr. Clay is pointing out is that we know it
3851 | wasn't school counselors but your good friend who was the one
3852 | who recommended her.

3853 | I yield back the balance.

3854 | Ms. DOAN. Am I allowed to comment at all, because this--
3855 | Chairman WAXMAN. If there is a question.

3856 | Mr. CLAY. Please do.

3857 | Ms. DOAN. There is nothing on this that is incorrect.
3858 | There is nothing on this that is incorrect. The high school
3859 | counselors at Madiera work with the House and the Senate, and
3860 | they absolutely have internships. We have probably people on
3861 | this Committee who have these interns here.

3862 | Mr. CLAY. Well, Ms. Doan, why would Ms. Fraser make this
3863 | statement? Can you shed any light on that?

3864 | Ms. DOAN. No, I can't shed any light on that. I can
3865 | share with you that people often try to help when other
3866 | people say there are things that are of interest or concern
3867 | or things. This is what we do. We care for one another.

3868 | People do things like this. This is very kind of her to have
3869 | done that.

3870 | Mr. CLAY. And that is all fine and well, but I think
3871 | that the concern here is that this is conflicting testimony
3872 | between Ms. Fraser and you and what you have told Committee
3873 | investigators.

3874 | Ms. DOAN. This is not conflicting testimony. It says
3875 | here that high school counselors worked directly with members
3876 | of the House and Senate to arrange for entry-level,
3877 | non-paying positions.

3878 | Chairman WAXMAN. The gentleman's time has expired.

3879 | Ms. DOAN. This is a statement of fact.

3880 | Chairman WAXMAN. I would ask unanimous consent that I
3881 | have a minute so I can pursue this issue, without objection.

3882 | Mr. DAVIS OF VIRGINIA. Without objection, but I would
3883 | like to also reserve just a clarification question at the end
3884 | of that.

3885 | Chairman WAXMAN. Absolutely.

3886 | Ms. Doan, I know you are outraged about this whole
3887 | thing. You expressed it with a great deal of emotion. But
3888 | your statement was it was school counselors. We pointed out
3889 | that Edie Fraser claimed that she helped her daughter. I am
3890 | not saying that there is anything wrong with it, but it is
3891 | something--

3892 | Ms. DOAN. Thank you. I appreciate that, because the

3893 | implication there was that there was something improper going
3894 | on.

3895 | Chairman WAXMAN. No, the implication of it was that she
3896 | helped you. You had a relationship, she helped you, and
3897 | evidently you wanted to help her with that contract, and the
3898 | was a give-and-take kind of relationship.

3899 | Ms. DOAN. Chairman, with all due respect, Congressman,
3900 | Congressman Clay prefaced it--and I don't have the exact
3901 | transcript, but he prefaced it with something like, "In the
3902 | process of her performing personal services for you." That
3903 | was improper, in my mind. That implied a certain amount of
3904 | impropriety.

3905 | Chairman WAXMAN. But you don't deny that she helped?

3906 | Ms. DOAN. She apparently did help, and I am very
3907 | grateful that she did.

3908 | Chairman WAXMAN. Okay. That is fine. Let's just get
3909 | the record complete.

3910 | Mr. DAVIS OF VIRGINIA. Mr. Chairman?

3911 | Chairman WAXMAN. Yes, Mr. Davis?

3912 | Mr. DAVIS OF VIRGINIA. I have had interns from the
3913 | Madiera School. It is not in my District. It is not
3914 | uncommon for kids from Madiera to apply across the Hill, and
3915 | it is not uncommon, by the way, for people to recommend
3916 | people that are applying. These are unpaid internships
3917 | during the school year when, frankly, many offices can use

3918 | interns. Summer time it is different. These are during
3919 | school year. And we work directly with the counselors,
3920 | because we have to fill out forms--

3921 | Ms. DOAN. Exactly.

3922 | Mr. DAVIS OF VIRGINIA.--telling how the kids do. I
3923 | don't see any conflict in this at all. If this is the best
3924 | you can do, I think we are wasting our time.

3925 | Chairman WAXMAN. Well, I certainly don't think it is a
3926 | conflict. I think people ought to understand the complete
3927 | picture.

3928 | Let's see, Mr. Lynch, it is your turn now.

3929 | Mr. LYNCH. Thank you, Mr. Chairman. Thank you for
3930 | having this hearing. I also thank the Ranking Member.

3931 | We seem to be getting tied in knots about your
3932 | testimony, previous testimony, current testimony. I am
3933 | getting a little frustrated, just like you are, trying to
3934 | figure out what you are exactly saying.

3935 | You just told us a moment ago that you weren't involved
3936 | with the SUN Microsystems deal, you were just involved in the
3937 | oversight of it. Now, you weren't directly involved, you
3938 | just did your job in an oversight capacity.

3939 | Now, I just want to compare what you said to Senator
3940 | Grassley. This is a quote. When asked about the SUN
3941 | Microsystems, you said, ``I had no knowledge of the
3942 | negotiations or the basis of the decisions made regarding

3943 | this contract.' ' That is a very broad statement, and it is
3944 | completely inconsistent with what you have said here today.
3945 | I just want to tell you--and this may go further. I know you
3946 | know that you are under oath. What is troubling to me is
3947 | this--and there is a lot of peripheral stuff, but there is
3948 | some central stuff about what is being testified to here
3949 | today.

3950 | You have testified to the facts that at the GSA
3951 | headquarters, the headquarters of this Agency, a Government
3952 | institution, that there was a meeting, a presentation, a
3953 | teleconference at which you were present. The object of that
3954 | meeting, especially, was for influencing the election. More
3955 | specifically, the object of the meeting was to target, and,
3956 | if successful, remove members of Congress who are charged
3957 | with the oversight of your Agency. This goes to the
3958 | integrity of the electoral process that has been violated
3959 | here, not just in the Hatch Act but also embodied in the
3960 | Voting Rights Act.

3961 | There were members of this Congress that were targeted
3962 | by a Government Agency, by a sitting Government Agency with
3963 | the head of that Agency present, and also special assistants
3964 | to the White House present to influence the election. That
3965 | is central to what you did. That is central.

3966 | Now, you haven't claimed the Fifth Amendment, which
3967 | maybe you should have, but you have come here today and you

3968 | have testified, you have really adopted the Sergeant Shultz
3969 | defense, you know nothing. But I want to just recount what
3970 | you have testified here today. And I came here in an
3971 | objective fashion just to listen to what you had to say.

3972 | You have testified that you remember the time you have
3973 | arrived. You testified as you knew who was in the meeting,
3974 | who was not in the meeting. You testified that you know who
3975 | called in and who did not call in. You testified as to what
3976 | food was served. You testified--if you want to read the
3977 | transcripts, go ahead--you remember the folks that were
3978 | telecommunicated in from California. You testified that you
3979 | saw before a PowerPoint presentation, which is an enhanced
3980 | cognitive medium, but then you have a blank spot in your
3981 | memory as to what you recall about the PowerPoint
3982 | presentation targeting members of Congress.

3983 | We have the testimony of six Republican colleagues who
3984 | have your own testimony as to what can we do to help the
3985 | Republican members of Congress, and that is terribly
3986 | troubling, in my estimation. Maybe this will be worked out
3987 | in the subsequent investigations. I am not sure. But
3988 | certainly just the core facts that you have helped establish
3989 | here, you know, leads me to believe that there is further
3990 | action necessary to be taken on this, and it is not good for
3991 | you. I have to say, your own testimony has been very
3992 | damning, I think, that you have had this very selective lapse

3993 | of memory before members of Congress.

3994 | You know, I think the whole episode is utterly
3995 | disgraceful, in my opinion, and, you know, maybe there are
3996 | members here that think that you helped yourself here today
3997 | by testifying, but I need to be quite honest with you. The
3998 | only thing that you have removed here is the original
3999 | impression that it was incompetence, it was incompetence,
4000 | because now it appears that your action was purposeful.

4001 | I just have to say, as a member of Congress trying to
4002 | uphold the Constitution, trying to uphold the integrity of
4003 | Government, that I am deeply disappointed in your testimony
4004 | here today and I will do everything I possibly can to get to
4005 | the bottom of this and to restore the integrity that I think
4006 | has been diminished by your own actions.

4007 | Thank you.

4008 | Chairman WAXMAN. The gentleman's time has expired.

4009 | The Chair wishes to recognize himself for five minutes
4010 | just to ask a few questions. Maybe I won't even take the
4011 | full five minutes.

4012 | There were two contracts that we have been discussing.
4013 | One was the SUN Microsystems contract. In your March 13th
4014 | letter you said, ``I was not briefed by FAS in August or at
4015 | any other time on the SUN Microsystems contract
4016 | deficiencies.'' FAS is the Federal Acquisition Service.

4017 | Ms. DOAN. Right.

4018 Chairman WAXMAN. Now, we interviewed Mr. Williams and we
4019 asked him whether he briefed you on the SUN contract and he
4020 said he did. He told us directly that he updated you on the
4021 SUN situation several times during the contract negotiations.
4022 Was he lying to us? How do you explain this contradiction?

4023 Ms. DOAN. Chairman, I don't want to ask you to read it
4024 back to me again, but I think--

4025 Chairman WAXMAN. You said that you weren't involved and
4026 he said he briefed you.

4027 Ms. DOAN. In the August timeframe, I believe we talked
4028 about. Is that what we talked about? I think I would much
4029 rather sit there and, you know, add up the dates and stuff
4030 like that and organize it for you and provide it.

4031 Chairman WAXMAN. Did he brief you?

4032 Ms. DOAN. Some time in early September.

4033 Chairman WAXMAN. I am not asking you when. Did he brief
4034 you on this contract?

4035 Ms. DOAN. Well, I thought the date was the issue we were
4036 discussing here.

4037 Chairman WAXMAN. Well, your March 13th letter you said
4038 he had not briefed you. I presume this is before you agreed
4039 to the contract. Did he brief you or not?

4040 Ms. DOAN. Well, no, he didn't brief me.

4041 Chairman WAXMAN. He did not brief you?

4042 Ms. DOAN. He just spoke, you know, once on the phone. I

4043 | don't know.

4044 | Chairman WAXMAN. Only once on the phone.

4045 | Ms. DOAN. I honestly cannot--we never sat down and
4046 | actually had a briefing. We just had a brief discussion on
4047 | the phone.

4048 | Chairman WAXMAN. On how many occasions?

4049 | Ms. DOAN. He said one or two times. I am just
4050 | following, maybe twice.

4051 | Chairman WAXMAN. Okay. And then on the--

4052 | Ms. DOAN. I think the issue is August versus September.

4053 | Chairman WAXMAN. Do you consider it a briefing if it is
4054 | a telephone conversation when someone tells you about a
4055 | contract?

4056 | Ms. DOAN. No. I consider a briefing when you are
4057 | actually provided with substantive information related to a
4058 | matter at hand. That is what I consider a briefing.

4059 | Chairman WAXMAN. I would just point out that you sent a
4060 | letter to Senator Grassley to say, "I was not briefed by
4061 | FAS--" Federal Acquisition Service--"in August or at any
4062 | other time on the SUN Microsystems contract deficiencies."
4063 | That is a pretty clear statement, but now it seems as if you
4064 | are backing off that statement. You did have a couple phone
4065 | conversations telling you about it? Yes, you did have phone
4066 | conversations? No, you didn't have a couple phone
4067 | conversations?

4068 Ms. DOAN. I don't consider that a briefing.

4069 Chairman WAXMAN. Okay. That is Clintonian. Now, on the
4070 other contract, you were directly involved in the contract
4071 for Edie Fraser, weren't you?

4072 Ms. DOAN. I do not believe that that was a contract, but
4073 yes, I was directly involved in directing the action to try
4074 to start a study for minority and women-owned and diversity--

4075 Chairman WAXMAN. Okay. You were directly involved in
4076 that. But these others you were indirectly involved. You
4077 are the head of GSA, and that is the Agency in charge of
4078 giving out those contracts, so other things were delegated to
4079 other people, but on the Edie Fraser contract you were
4080 personally involved; is that a fair statement?

4081 Ms. DOAN. Yes, it is a fair statement at the beginning
4082 of the action. After I approved the draft outline, I then
4083 moved it on to be processed through the contracting shop and
4084 the office for the procurement.

4085 Chairman WAXMAN. Okay. Thank you.

4086 Well, I want to thank you.

4087 Does the gentleman have any additional questions he
4088 would like to ask, maybe make some comments about the way
4089 life is going?

4090 Mr. MICA. Could you yield?

4091 Chairman WAXMAN. Certainly.

4092 Mr. MICA. How much time?

4093 Chairman WAXMAN. Whatever time is left, I would be glad
4094 to give it to you.

4095 Mr. MICA. Okay. Well, again, let's just take it in
4096 reverse order. The \$20,000 contract that you attempted--and
4097 it wasn't a contract, was never awarded.

4098 Ms. DOAN. It was not.

4099 Mr. MICA. Okay. The video conference, this says the
4100 White House. The first chart there is the White House
4101 Political Office? Is that what that says, the White House
4102 Political Office?

4103 Ms. DOAN. Yes.

4104 Mr. MICA. Is that who conducted that? Did you initiate
4105 the videoconference?

4106 Ms. DOAN. No, I did not.

4107 Mr. MICA. Okay. And then SUN Microsystems, the third
4108 question, you were never fully briefed? You never sat down
4109 and had a full briefing about the terms of the contract, and
4110 most of the problems had occurred before you got there?

4111 Ms. DOAN. All of that is true.

4112 Mr. MICA. In 15 years, you know, they tried to get you
4113 on this \$20,000, and this is embarrassing, too, what they are
4114 doing to your daughter, 2004 to intern with a Democrat
4115 Senator. But I have never seen such an attempt to go after a
4116 minority appointee of any Administration in this fashion, and
4117 the thing about this--

4118 Chairman WAXMAN. The gentleman's--

4119 Mr. MICA.--it will discourage others from ever coming
4120 into the--

4121 Chairman WAXMAN. The gentleman's time has expired.

4122 Mr. MICA.--what you are doing here today.

4123 Chairman WAXMAN. Ms. Doan, thank you very much for your
4124 presentation.

4125 Ms. DOAN. Thank you, Chairman. Thank you, Ranking
4126 Member Davis. Thank you, Committee members.

4127 Chairman WAXMAN. We will probably ask you some further
4128 questions for the record.

4129 [The information follows:]

4130 ***** COMMITTEE INSERT *****

4131 Chairman WAXMAN. We are now pleased to call our next
4132 witness, Mr. Brian D. Miller, the Inspector General of GSA.
4133 Before assuming this post in 2005, Mr. Miller worked as
4134 Federal Prosecutor in the U.S. Attorney's Office for the
4135 Eastern District of Virginia, where he helped prosecute
4136 Zacharias Mousaui and John Walker Lindt. In this position,
4137 he also supervised numerous audits and investigations
4138 involving procurement, grant, and health care fraud.

4139 Mr. Miller, I thank you very much for being here. Your
4140 prepared statement will be in the record in full. I would
4141 like to ask you now to proceed with your oral statement.

4142 STATEMENT OF BRIAN D. MILLER

4143 Mr. MILLER. Thank you, Mr. Chairman, and thank you,
4144 Ranking Member, and thank you, members of this Committee, for
4145 inviting me here to testify.

4146 I would also like to thank Senator Grassley for taking
4147 the time to testify here this morning about the importance of
4148 oversight and the role of an Inspector General. Indeed, it
4149 is a privilege for me--

4150 Mr. MICA. Parliamentary inquiry and procedure. Was the
4151 witness sworn in?

4152 Chairman WAXMAN. The gentleman is correct. It is our
4153 practice to swear in all witnesses, and we want to put you

4154 | under oath, as well.

4155 | [Witness sworn.]

4156 | Mr. MILLER. Thank you, Mr. Chairman.

4157 | Chairman WAXMAN. I thank you. Now let's start all over
4158 | again.

4159 | Mr. MILLER. Okay. It is a privilege to be here this
4160 | afternoon. I have devoted most of my professional life to
4161 | public service. For roughly a decade-and-a-half before
4162 | becoming Inspector General at GSA I served as a career
4163 | Federal attorney. As a United States Attorney in the Eastern
4164 | District of Virginia, the Ranking Member's own District, I
4165 | worked on a variety of cases, including terrorism cases, as
4166 | the chairman has noted.

4167 | In July, 2005, the Senate confirmed me as Inspector
4168 | General of GSA, and it is, indeed, an honor for me to lead
4169 | the Office of the Inspector General. Our audits and
4170 | investigations safeguard the integrity of Government
4171 | operations and provide cost avoidance for taxpayers in the
4172 | billions of dollars.

4173 | For years my office enjoyed good working relations with
4174 | GSA managers who appreciate our work. My relationships with
4175 | former GSA Administrator Stephen Perry and Acting
4176 | Administrator David Bibb were excellent. they recognized
4177 | that independent oversight was a tool for good management.
4178 | And I have been trying to establish a good working

4179 | relationship with Administrator Doan and will continue to do
4180 | so.

4181 | It is important for me to note here that it is my duty,
4182 | as Inspector General, to investigate allegations of
4183 | wrongdoing and to conduct audits. I would not be doing my
4184 | job if I were to look the other way at credible allegations
4185 | of wrongdoing or pass over an embarrassing audit, as Senator
4186 | Grassley has noted this morning.

4187 | The taxpayers and the Congress rely on IGs to do their
4188 | job to ferret out fraud, waste, and abuse, and to help their
4189 | agencies run more efficiently and effectively.

4190 | At the end of the day, it is about accountability,
4191 | accountability to the President, to the Congress, and, most
4192 | importantly, to the American taxpayers.

4193 | Now, this Committee has asked me to address three issues
4194 | in connection with the actions of the Administrator: first,
4195 | her intervention in a major contract negotiation, SUN
4196 | Microsystems; second, her sole source award of a contract to
4197 | a friend; and, third, her alleged role in encouraging use of
4198 | GSA resources for partisan political purposes.

4199 | Six months ago GSA awarded a contract extension to SUN
4200 | Microsystems. Our auditors showed that it was a bad deal for
4201 | the Government. The contracting officer thought it was a bad
4202 | deal. All of GSA's management, up to and including
4203 | Commissioner Jim Williams, agreed it was a bad deal. And a

4204 | notice was sent to SUN that the contract would end.

4205 | But then Administrator Doan found out and word went out
4206 | that SUN was a strategically important vendor and that the
4207 | Administrator wanted the contract awarded. The contracting
4208 | officer could not extend it, so a new contracting officer was
4209 | assigned. Eight days later, the contract was renewed.

4210 | Why is this such a bad deal? Well, the auditors warned
4211 | that SUN's past charges looked fraudulent and told GSA
4212 | management. Frankly, the deal should have been terminated
4213 | when allegations of potential fraud first surfaced.

4214 | I agree with Senator Grassley that once the potential
4215 | for serious fraud was identified, the deal should have been
4216 | slowed down, at the very least. Instead, it was speeded up.
4217 | None of this would have happened if Administrator Doan had
4218 | not intervened and directed GSA to make the award.

4219 | Now, turning to the Public Affairs Group contract,
4220 | Administrator Doan was wrong in attempting to award a sole
4221 | source contract to the company of a personal friend, Edie
4222 | Fraser. She was wrong to keep trying to get this project
4223 | awarded to her friend, even when told the first contract was
4224 | improper. And she was wrong to try and cover up the extent
4225 | of her improper efforts.

4226 | Administrator Doan has tried to say that she did nothing
4227 | improper and that, anyway, it wasn't a contract, but that is
4228 | not what her own General Counsel has told her. Administrator

4229 Doan has claimed that she did everything she could to clean
4230 up the mess, but that is not what her own General Counsel
4231 told this Committee.

4232 Turning to the Hatch Act issue, when my investigators
4233 received credible information about a potential Hatch Act
4234 violation, we referred the matter to the appropriate
4235 investigatory agency, the Office of Special Counsel. That is
4236 our duty.

4237 Now, in tandem with these events, the Administrator has
4238 advocated for reduced oversight and has made many statements
4239 to that effect. Unfortunately, the Administrator has
4240 demonstrated a disregard for the very contracting rules that
4241 oversight is meant to detect.

4242 I notice my time is out. I would like to thank the
4243 Committee, and I stand ready to answer questions.

4244 Thank you.

4245 [Prepared statement of Mr. Miller follows:]

4246 ***** INSERT *****

4247 Chairman WAXMAN. Mr. Davis?

4248 Mr. ISSA. Mr. Chairman, he will be right back. Do you
4249 want us to begin?

4250 Chairman WAXMAN. Why don't you just finish your
4251 statement. We did give Ms. Doan additional time, and I think
4252 it would be only fair to let you have additional time to
4253 complete your statement.

4254 Mr. MILLER. Thank you, Mr. Chairman. There is not much
4255 left.

4256 In fact, she may have violated basic rules of conduct
4257 for an Agency head while, at the same time, worked to pare
4258 back the mechanisms for uncovering such violations. What may
4259 explain both is the lack of respect for law and law
4260 enforcement.

4261 I would be happy to answer questions.

4262 Chairman WAXMAN. Thank you very much.

4263 Mr. Davis, I am going to recognize you to control 15
4264 minutes, and we will let you go first, then our side will
4265 control 15 minutes.

4266 Mr. DAVIS OF VIRGINIA. Mr. Miller, I heard you say that
4267 you are accountable to the White House, to the Congress, and
4268 to the American people.

4269 Mr. MILLER. That is correct, Congressman.

4270 Mr. DAVIS OF VIRGINIA. Aren't you also, under the
4271 statute, accountable to the head of the Agency to keep the

4272 establishment and the Congress fully informed?

4273 Mr. MILLER. Indeed.

4274 Mr. DAVIS OF VIRGINIA. You mentioned that?

4275 Mr. MILLER. Yes, sir.

4276 Mr. DAVIS OF VIRGINIA. You didn't mention that.

4277 Mr. MILLER. Well, I would be happy to mention it now.

4278 Mr. DAVIS OF VIRGINIA. And you are not an accountant; is
4279 that correct?

4280 Mr. MILLER. Pardon me?

4281 Mr. DAVIS OF VIRGINIA. You are not an accountant; is
4282 that correct?

4283 Mr. MILLER. That is correct.

4284 Mr. DAVIS OF VIRGINIA. You are not a CPA; is that
4285 correct? You are a prosecutor by career, right?

4286 Mr. MILLER. Correct.

4287 Mr. DAVIS OF VIRGINIA. Your prepared statement today
4288 takes credit for saving the Government a lot of money. How
4289 much did the investigation of this diversity study cost in
4290 your own staff time and expense? Any idea?

4291 Mr. MILLER. Congressman, I don't have that number right
4292 now, but let me tell you that when this complaint originally
4293 came in, it came in with documentation to our office. It was
4294 a credible complaint. We looked at it. We decided that it
4295 was credible. We had to interview the Administrator.

4296 I personally went up and told the Administrator that we

4297 | had received this complaint and that my agents would have to
4298 | go up and interview her.

4299 | Mr. DAVIS OF VIRGINIA. You didn't save any money on this
4300 | one, though, did you, because it was canceled? Am I right?
4301 | You didn't save any money on this one?

4302 | Mr. MILLER. Part of our job, Congressman, is--

4303 | Mr. DAVIS OF VIRGINIA. Just yes or no.

4304 | Mr. MILLER.--is to investigate--

4305 | Mr. DAVIS OF VIRGINIA. Is that a yes or a no? Did you
4306 | save any money on this investigation? The answer is no,
4307 | isn't it?

4308 | Mr. MILLER. I believe it--

4309 | Mr. DAVIS OF VIRGINIA. Because the contract was never--

4310 | Mr. MILLER. There was no money paid on that contract.
4311 | That is correct.

4312 | Mr. DAVIS OF VIRGINIA. Now let me ask you this. What
4313 | obligation does the IG and his investigators and his staff
4314 | have to prevent disclosure of investigative information to
4315 | outside sources in ongoing investigations? Can you tell us
4316 | what your responsibility there is under the statute?

4317 | Mr. MILLER. I will, but I hadn't finished my answer to
4318 | the last question.

4319 | Mr. DAVIS OF VIRGINIA. I have got limited time and I
4320 | want to have the answer to this question.

4321 | Mr. MILLER. Okay. The question is responsibilities to

4322 safeguard confidential information. We do have a
4323 responsibility to do that and we do take measures to
4324 safeguard confidential information, Congressman.

4325 Mr. DAVIS OF VIRGINIA. Now, do you think that the
4326 premature disclosure of investigative information, even when
4327 permitted by law, can cause substantial harm to an ongoing
4328 investigation?

4329 Mr. MILLER. It is possible, Congressman.

4330 Mr. DAVIS OF VIRGINIA. Do you think that the GSA IG
4331 investigative information in the ongoing investigation of
4332 Administrator Doan was provided to the Washington Post
4333 reporters who authorized the January 19, 2007, article
4334 entitled, ``GSA Chief Scrutinized for Deal with Friend''?

4335 Mr. MILLER. Congressman, we did not disclose any part of
4336 the investigative file to anyone who is not authorized to see
4337 it. I don't know how the Post reporters got that
4338 information. I was surprised to see it.

4339 Mr. DAVIS OF VIRGINIA. Did you do any investigation to
4340 see how it might have gotten out of your office?

4341 Mr. MILLER. Well, we did ask around. In fact, we
4342 received a call in January, January 25, from Mr. Nardoti,
4343 Administrator Doan's private attorney. He called our lead
4344 investigator and said that on January 19th the Washington
4345 Post reporters had documents, they showed Administrator Doan
4346 documents that came out of the investigative file. I think

4347 | they claimed it was her supplemental statement correcting
4348 | mis-statements in the earlier--

4349 | Mr. DAVIS OF VIRGINIA. That information, under the law,
4350 | shouldn't get out; isn't that correct?

4351 | Mr. MILLER. That is correct, Congressman.

4352 | Mr. DAVIS OF VIRGINIA. And your office--you are under
4353 | oath--had nothing to do with this?

4354 | Mr. MILLER. I am confident that my office had nothing to
4355 | do with it. If I may finish, we immediately looked into
4356 | this. Mr. Nardoti said that the Post reporter showed the
4357 | information to Administrator Doan and to the acting General
4358 | Counsel. When we heard this, we immediately interviewed the
4359 | acting General Counsel, who said that that didn't happen,
4360 | that the Post reporters did not show him any documents from
4361 | the investigative file, and that to his knowledge they had
4362 | not.

4363 | Mr. DAVIS OF VIRGINIA. What did you do to investigate
4364 | the leak at that point, though? It is clear that something
4365 | had been leaked, correct?

4366 | Mr. MILLER. Well, at that point the head of my
4367 | investigations said that the allegation by Administrator
4368 | Doan's attorney was not credible. In fact, the lead agent
4369 | called him back and told him that.

4370 | Mr. DAVIS OF VIRGINIA. So there was no documents that
4371 | were leaked to the Post that shouldn't have been out there;

4372 | is that correct?

4373 | Mr. MILLER. Congressman, they didn't come from my
4374 | office.

4375 | Mr. DAVIS OF VIRGINIA. Did you investigate--

4376 | Mr. MILLER. I am confident my office did not disclose
4377 | any--

4378 | Mr. DAVIS OF VIRGINIA. What did you do to ensure that it
4379 | didn't? Did you do an investigation in your office to make
4380 | sure that they didn't? Did you talk to employees, put
4381 | anybody under oath, or anything?

4382 | Mr. MILLER. Well, Congressman, I am trying to answer
4383 | your question--

4384 | Mr. DAVIS OF VIRGINIA. I want you to answer it.

4385 | Mr. MILLER.--as best I can. It is a little involved,
4386 | and I ask you to bear with me, but at that point our lead
4387 | agent called Mr. Nardoti back and told him what the General
4388 | Counsel said, and he gave a nervous laugh and said, Well,
4389 | gee, I will have to go talk to my client again. Well then he
4390 | calls back on February 1st with a changed story, and the
4391 | revised story said that Ms. Doan saw the statement in the
4392 | Post reporter's hands, and that he also talked to another
4393 | party that indicated subpoenaed e-mails had been turned over
4394 | to the press, and he then told us he was filing a PCIE
4395 | complaint.

4396 | Now, part of the mystery was solved two weeks later on

4397 February 13th. The attorney for PAG--Public Affairs
4398 Group--sent a letter to us saying they were producing an
4399 e-mail for the first time to us because they had learned that
4400 it had been leaked to the press. That is before it even got
4401 to our office. PAG tried to characterize it as outside the
4402 scope of our request, but it was a September 6th e-mail
4403 ending in 309.

4404 At any rate, that second half of Mr. Nardoti's statement
4405 was clearly explained that it came from the Public Affairs
4406 Group.

4407 Mr. DAVIS OF VIRGINIA. Okay.

4408 Mr. MILLER. I am trying to answer in the sense that we
4409 also learned that there was a complaint filed with the PCIE,
4410 and we did not want to interfere with the investigation of
4411 the PCIE.

4412 Now, we also asked the Administrator for copies of
4413 documents that she was producing to this Committee relating
4414 to the PAG investigation, and in connection with that Mr.
4415 Nardoti wrote us a letter saying she would not produce them
4416 in light of the PCIE complaint.

4417 I responded to her, in response, preparing for that
4418 response, I did ask everyone who had access to those
4419 documents, whether or not they had disclosed them to anyone
4420 except other Governmental officials with a legitimate
4421 interest in the investigation. So we did make inquiries. We

4422 | did not--if your question is did we take sworn statements,
4423 | the answer is no.

4424 | Mr. DAVIS OF VIRGINIA. Okay. The first public
4425 | disclosure of the problems between you and the Administrator
4426 | were revealed in a Post article December 2nd. Do you
4427 | remember that article?

4428 | Mr. MILLER. I do generally.

4429 | Mr. DAVIS OF VIRGINIA. The Post stated that they had
4430 | obtained notes from a private meeting you had with the
4431 | Administrator. One of your assistants took notes in that
4432 | meeting, and those notes found their way to the Post. The
4433 | Post wrote that, according to these notes, the Administrator
4434 | compared Miller and his staff to terrorists. Do you know
4435 | anything about that leak?

4436 | Mr. MILLER. I don't know where the Post reporters got
4437 | those notes. I do--

4438 | Mr. DAVIS OF VIRGINIA. You don't think they got them
4439 | from Ms. Doan, do you?

4440 | Mr. MILLER. I don't think that they got them from Ms.
4441 | Doan.

4442 | Mr. DAVIS OF VIRGINIA. Is it appropriate--

4443 | Mr. MILLER. They did not--

4444 | Mr. DAVIS OF VIRGINIA. Is it appropriate for the notes
4445 | of one of your staff to appear in the Washington Post in a
4446 | meeting like that?

4447 Mr. MILLER. Congressman, those notes--we did share some
4448 of those comments and those notes the Congressional staff,
4449 and I don't know where the Post--

4450 Mr. DAVIS OF VIRGINIA. Which Congressional staff? when
4451 did you do that?

4452 Mr. MILLER. We shared them with Congressional staff,
4453 maybe in October.

4454 Mr. DAVIS OF VIRGINIA. Okay. Which Congressional staff?

4455 Mr. MILLER. I believe that I shared them with
4456 Representative Platts' staff.

4457 Mr. DAVIS OF VIRGINIA. Okay.

4458 Mr. MILLER. I may have shared them with other oversight
4459 staff.

4460 Mr. DAVIS OF VIRGINIA. You think they may have leaked
4461 it? Of course, this meeting that we are talking about here,
4462 these notes that found their way, you are assuring me they
4463 didn't come from your office?

4464 Mr. MILLER. Congressman, as far as I know, those notes
4465 did not come from my office to the Post reporters.

4466 Mr. DAVIS OF VIRGINIA. And you hadn't talked to the Post
4467 reporters prior to the article on December 2nd; is that
4468 correct?

4469 Mr. MILLER. Well, they did call me and asked me to
4470 confirm the--they read out of the notes, and I said, Look, I
4471 am not going to confirm or deny, I am not going to comment on

4472 | the relationship, my relationship with the Administrator.

4473 | And then I talked about the positive mission of my office.

4474 | I did have one prior conversation with the Post
4475 | reporters several months before that about how GSA contracts
4476 | operate, in general.

4477 | Mr. DAVIS OF VIRGINIA. Did you initiate that
4478 | conversation or did they initiate that conversation?

4479 | Mr. MILLER. I believe they did.

4480 | Mr. DAVIS OF VIRGINIA. Okay.

4481 | Mr. MILLER. And we talked about firm fixed price
4482 | contracts versus time and material contracts. There was not
4483 | one word mentioned about my relationship with the
4484 | Administrator or any of the issues going on between me and
4485 | the Administrator.

4486 | Mr. DAVIS OF VIRGINIA. Now, you say that Allen
4487 | Swindeman, General Counsel, told this Committee that he asked
4488 | the Administrator several times to terminate the contract and
4489 | that she refused. That was your briefings to the Committee;
4490 | is that correct?

4491 | Mr. MILLER. I'm sorry. I didn't hear you.

4492 | Mr. DAVIS OF VIRGINIA. That Mr. Swindeman told this
4493 | committee that he had asked the Administrator several times
4494 | to terminate the contract and that she refused, talking about
4495 | the \$20,000 contract?

4496 | Mr. MILLER. Yes, I believe that is on the web site in

4497 | the Chairman's letter.

4498 | Mr. DAVIS OF VIRGINIA. But he never told the Committee
4499 | any such thing that we are aware of. Are you aware of him
4500 | telling the Committee that, or did you get that off the web
4501 | site?

4502 | Mr. MILLER. I got that off of the web site and the
4503 | Chairman's letter.

4504 | Mr. DAVIS OF VIRGINIA. So you getting the information
4505 | from the majority in this case. Okay.

4506 | Have you given any information about the Committee's
4507 | investigation that you have included in your report and
4508 | testimony today, have you been given any information about
4509 | the Committee's investigation that you have included in your
4510 | report and testimony to day besides that?

4511 | Mr. MILLER. I would have to go back and look at the
4512 | report. We did look at the chairman's letter, and I would
4513 | have to go back and take a close look and see--

4514 | Mr. DAVIS OF VIRGINIA. How much of your testimony comes
4515 | from what the majority has put on their web site and how much
4516 | of it comes from your independent investigation, because the
4517 | information about Mr. Swindeman's discussion, from our
4518 | investigation, is flat out false. So what does that say
4519 | about your credibility?

4520 | [No response.]

4521 | Mr. DAVIS OF VIRGINIA. You don't have any independent

4522 investigation; you just took it off the majority web site.

4523 That is what you are saying?

4524 Mr. MILLER. That is not correct, Congressman. Most of
4525 my testimony is taken from our--

4526 Mr. DAVIS OF VIRGINIA. I asked about that particular
4527 issue.

4528 Mr. MILLER. Most of the report is based on the
4529 investigation that my office did.

4530 Mr. DAVIS OF VIRGINIA. Most of it?

4531 Mr. MILLER. Most of it is--

4532 Mr. DAVIS OF VIRGINIA. But not all of it?

4533 Mr. MILLER. There--

4534 Mr. DAVIS OF VIRGINIA. Thank you.

4535 Mr. MILLER. The statements that Mr. Swindeman--

4536 Mr. DAVIS OF VIRGINIA. It seems that a significant--
4537 Chairman WAXMAN. Wait. Give him a chance to answer.

4538 Mr. DAVIS OF VIRGINIA. He has answered it. He just took
4539 this off your web site. Am I wrong? That is where you said
4540 you got the information?

4541 Mr. MILLER. Well, the statements that I was referring to
4542 that Mr. Swindeman made, I actually said he said to this
4543 Committee--

4544 Mr. DAVIS OF VIRGINIA. Correct. That is why I was
4545 moving off. I'm not going to let him run the clock out on
4546 us.

4547 Let me just ask this: it seems that a significant area
4548 of disagreement between you and the Administrator centers on
4549 the OIG's performance of contract support audits; is that
4550 fair to say?

4551 Mr. MILLER. I don't believe so.

4552 Mr. DAVIS OF VIRGINIA. The disagreement between you and
4553 the Administrator, is it your view that it is important that
4554 your office provide this audit assistance on contract
4555 support?

4556 Mr. MILLER. Congressman, I think my disagreement with
4557 the Administrator is more on oversight. She has made
4558 numerous statements that she would like to reduce oversight.

4559 Mr. DAVIS OF VIRGINIA. But you have also, in your own
4560 testimony you went after this SUN Microsystems, and that is
4561 contract support, correct? I mean, a significant part of
4562 your testimony today--

4563 Mr. MILLER. Sure.

4564 Mr. DAVIS OF VIRGINIA.--was focused on that. So all I
4565 was saying is a significant area of disagreement was on
4566 contract support. Now, my understanding is that in most
4567 agencies they either use DCAA or auditors that do acquisition
4568 support exclusively, as opposed to auditors from the IG's
4569 office. Isn't that true in a lot of agencies?

4570 Mr. MILLER. I don't know what the practice is at other
4571 agencies.

4572 Mr. DAVIS OF VIRGINIA. You don't?

4573 Mr. MILLER. I know that many of them do use DCAA.

4574 Mr. DAVIS OF VIRGINIA. Thank you.

4575 Mr. MILLER. What is different about our Agency is that
4576 there was a GAO report, and the GAO recommendation was
4577 that--and it was agreed to by GSA. It was actually an
4578 arrangement developed and established by the Office of
4579 Management and Budget. It was a Bush Administration
4580 initiative to set up this reimbursable agreement for us to do
4581 these pre-award price audits.

4582 Mr. DAVIS OF VIRGINIA. But it doesn't happen that way in
4583 a lot of agencies. That is my only point.

4584 Mr. MILLER. That is correct.

4585 Mr. DAVIS OF VIRGINIA. Okay. Is your office paid by the
4586 GSA contracting activities for this audit support?

4587 Mr. MILLER. There is a reimbursable arrangement where
4588 they reimburse us for our audit activities.

4589 Mr. DAVIS OF VIRGINIA. How much per year does your
4590 office receive for these services, ball park?

4591 Mr. MILLER. Ball park, it is between \$4 and \$5 million.

4592 Mr. DAVIS OF VIRGINIA. What is your total budget?

4593 Mr. MILLER. Total budget for last year was around--I
4594 would have to get back to you with the specific number.

4595 Mr. DAVIS OF VIRGINIA. Ballpark, \$40 million?

4596 Mr. MILLER. About 43, maybe more, maybe less.

4597 Mr. DAVIS OF VIRGINIA. Is it your understanding that
4598 your office's role in providing pre-and post-award contract
4599 audit reports is to support the contracting officer?

4600 Mr. MILLER. Yes, generally.

4601 Mr. DAVIS OF VIRGINIA. That is not an oversight role in
4602 that sense, correct?

4603 Mr. MILLER. I'm sorry?

4604 Mr. DAVIS OF VIRGINIA. Your role in providing pre-and
4605 post-award contract audit reports is to support the
4606 contracting officer who makes the decision. You are not
4607 vested with making the decision?

4608 Mr. MILLER. That is correct, Congressman.

4609 Mr. DAVIS OF VIRGINIA. You were advisory, correct?

4610 Mr. MILLER. That is correct.

4611 Mr. DAVIS OF VIRGINIA. I mean, do they always take your
4612 advice?

4613 Mr. MILLER. No, they don't always.

4614 Mr. DAVIS OF VIRGINIA. Okay. So it is not add for a
4615 contracting officer to say thank you very much but I'm going
4616 to settle it, correct?

4617 Mr. MILLER. They have a warrant and they are responsible
4618 to--

4619 Mr. DAVIS OF VIRGINIA. Correct.

4620 Mr. MILLER.--exercise their own judgment.

4621 Mr. DAVIS OF VIRGINIA. In our acquisition system, it is

4622 | the contracting officer that makes the final decision to
4623 | award a contract, exercise an option, or take any other
4624 | contract action, correct?

4625 | Mr. MILLER. Yes.

4626 | Mr. DAVIS OF VIRGINIA. As I understand it, one of the
4627 | roles of the Office of the Inspector General is to
4628 | impartially evaluate the Agency's programs and functions. Do
4629 | you see any tension between the evaluation role and the role
4630 | of advisor to the contracting officer in a particular
4631 | acquisition?

4632 | Mr. MILLER. Do I see any conflict between--

4633 | Mr. DAVIS OF VIRGINIA. Any tension, not conflict. Do
4634 | you see any tension between your evaluative role and the role
4635 | of advisor to the contracting officer in a particular
4636 | acquisition?

4637 | Mr. MILLER. Congressman, I think I would have to think
4638 | about that question.

4639 | Mr. DAVIS OF VIRGINIA. That is fine. You can get back
4640 | to us on it.

4641 | [The information follows:]

4642 | ***** COMMITTEE INSERT *****

4643 Mr. DAVIS OF VIRGINIA. I think my time is up now. We
4644 will have more questions. Thank you.

4645 Mr. MILLER. Mr. Chairman, may--
4646 Chairman WAXMAN. Yes.

4647 Mr. MILLER.--I explain, I guess, an answer a little more
4648 fully? We did interview Mr. Swindeman. The report of his
4649 interview is in our investigative report, so we did rely on
4650 those statements from Mr. Swindeman, as well. I would like
4651 to point that out.

4652 Chairman WAXMAN. Thank you.

4653 Mr. DAVIS OF VIRGINIA. Wait a minute. I am looking at
4654 the list of witnesses and exhibits for today, and I don't see
4655 it. I have a number of others. I am looking here at the
4656 report of investigation for official use only. This is on
4657 page 26, if you want to move to page 26. That is your list
4658 of witnesses and exhibits, and I see a number of exhibits but
4659 I do not see that.

4660 Mr. MILLER. With the Chair's indulgence may I consult
4661 with--

4662 Mr. DAVIS OF VIRGINIA. Sure. Please. And maybe you
4663 could be confusing Moentrip, who was the acting General
4664 Counsel. Is that what happened?

4665 Mr. MILLER. Okay. I will withdraw.

4666 Mr. DAVIS OF VIRGINIA. That is fine. For the record, we
4667 just--

4668 Mr. MILLER. Thank you, Congressman.

4669 Chairman WAXMAN. The gentleman's time has expired.

4670 The Chair will recognize himself to pursue some
4671 questions.

4672 By the way, your investigation of the leak was more
4673 extensive than the White House investigation of the outing of
4674 the CIA agent which was involving national security. They
4675 did nothing. We had a hearing on that a couple weeks ago.
4676 They did absolutely nothing. They didn't ask any of the
4677 employees, didn't ask anybody who had access to this
4678 information how it got out, how it was being marketing to
4679 different press people, even though it affected national
4680 security and might have threatened the life of a covert CIA
4681 agent.

4682 Mr. DAVIS OF VIRGINIA. Maybe they could transfer Mr.
4683 Miller to the White House and everybody would be happy here.

4684 Chairman WAXMAN. Then he could make political
4685 presentations about the upcoming Republican campaigns.

4686 I want to ask you about a statement that you made
4687 regarding the SUN contract. You said that Ms. Doan's actions
4688 were a breach of GSA's fiduciary duty to U.S. taxpayers. Why
4689 did you say this?

4690 Mr. MILLER. Well, because for the first SUN
4691 contract--there were two contracts with SUN prior to that
4692 that were consolidated into one SUN contract. We did a

4693 | post-award audit. We did two post-award audits on that and
4694 | learned that SUN had overcharged us by \$27 million, so the
4695 | first SUN contract cost \$27 million in defective pricing. To
4696 | push through another contract with SUN following that is what
4697 | I was trying to express was not in the best interest of the
4698 | taxpayer, especially when we had done a pre-award audit
4699 | indicating that the rates, the discounts that SUN was
4700 | offering were not the best discounts to the Government. They
4701 | were offering commercial customers better discounts than they
4702 | were to the U.S. taxpayers.

4703 | Chairman WAXMAN. And that was inconsistent with the
4704 | rules, wasn't it?

4705 | Mr. MILLER. It was. Yes, sir.

4706 | Chairman WAXMAN. Now, you also said it is the first time
4707 | we are aware of in which an Administration has personally
4708 | intervened in this way. Why did you say that?

4709 | Mr. MILLER. My staff is not aware of an Administrator
4710 | becoming involved in any negotiation in the same way at any
4711 | time in the past.

4712 | Chairman WAXMAN. Well, she says she wasn't involved.

4713 | Mr. MILLER. Our office has not been aware of any
4714 | Administrator being involved, even in the way that she says
4715 | she was involved, with the e-mails and with talking with the
4716 | Commissioner of FAS, and certainly with the word going out
4717 | that this was a strategically important contract and needed

4718 | to go through. On August 29th she called an impromptu
4719 | meeting with the head of audits of my staff and with my
4720 | counsel, and at that meeting she told them how important the
4721 | SUN contract was and that it needed to go through.

4722 | They attempted to explain the programs with the SUN
4723 | negotiation--

4724 | Chairman WAXMAN. And this was with Ms. Doan, herself?

4725 | Mr. MILLER. With Ms. Doan, herself.

4726 | Chairman WAXMAN. Never would have thought that.

4727 | Mr. MILLER. She cut them off when they tried to explain
4728 | the problems with the SUN negotiation.

4729 | Chairman WAXMAN. Now, they were trying to explain to her
4730 | what her own contracting officers had said, that if they go
4731 | ahead with this contract the taxpayers were going to have to
4732 | pay millions of dollars in additional funds for a service
4733 | than otherwise would be the case; is that right?

4734 | Mr. MILLER. That is right.

4735 | Chairman WAXMAN. So she acted as if she wasn't involved
4736 | in this. I guess the question is what does involved mean.
4737 | It is sort of like what is a briefing. A briefing seems to
4738 | be in her mind only a sit-down meeting where charts and
4739 | pointers are involved. But you actually had a sit-down
4740 | meeting with her, or was it a telephone conversation?

4741 | Mr. MILLER. Actually, it was the head of my audits, Andy
4742 | Pagent.

4743 Chairman WAXMAN. Yes.

4744 Mr. MILLER. He was the Assistant Inspector General for
4745 Auditing and the Counsel for the Inspector General, who went
4746 up and briefed her on this, at very short notice.

4747 Chairman WAXMAN. Yes. Well, if they didn't give this
4748 contract to SUN Microsystems, wouldn't they have had other
4749 bidders come in and have some competition and see if somebody
4750 else could do the job at a cheaper amount?

4751 Mr. MILLER. Mr. Chairman, that was our position. In
4752 fact, our Deputy Inspector General suggested that one way to
4753 resolve the impasse was for GSA to team up with NASA, the
4754 NASA soup, to force SUN to give the Government better
4755 discounts, because by joining forces with NASA we have more
4756 leverage on SUN and we would be able to push the discounts to
4757 get greater discounts at a better price for the taxpayer.

4758 Chairman WAXMAN. Well, that would have been good. Did
4759 Ms. Doan seem to worry that NASA might provide a contract
4760 with SUN Microsystems and that she wouldn't get the money
4761 that GSA gets for that contract; is that right?

4762 Mr. MILLER. Well, that is what I understand was her
4763 point to the head of my auditing and to the counsel. She did
4764 mention the NASA soup. Now, I wasn't there so I can't say
4765 for sure what was said.

4766 Chairman WAXMAN. Well, the only comment I would make to
4767 that is her job is to protect the taxpayers, not to have the

4768 taxpayers pay more just so she could get a percentage for her
4769 Agency.

4770 Mr. MILLER. Well, at GSA, obviously, if the price goes
4771 up GSA gets a commission, so to speak, a fee, and so the
4772 revenues going into GSA actually increase, but if the price
4773 goes down the fee decreases. By our pre-award audits, we can
4774 actually push. If the contracting officer accepts our
4775 recommendations, the prices can actually go down and it may
4776 result in fewer funds going into GSA.

4777 Chairman WAXMAN. How are NASA soup prices compared to
4778 GSA's? I am told NASA's are often better. Is that the case?

4779 Mr. MILLER. Mr. Chairman, I don't know personally. I
4780 understand that NASA soup may actually adopt GSA's price
4781 negotiations. I'm not sure.

4782 Chairman WAXMAN. Now, this is a schedule that goes out
4783 Government wide, and GSA is supposed to bargain tough, hard--

4784 Mr. MILLER. Yes.

4785 Chairman WAXMAN.--and negotiate the lowest prices,
4786 because otherwise that is what everybody in the Government
4787 assumes they have done when they go out and take advantage of
4788 a contract negotiated by GSA; isn't that correct?

4789 Mr. MILLER. That is correct. And it does have an impact
4790 to resellers, as well. The price negotiation drives the
4791 price, the discount that resellers of the same product sell
4792 to Government agencies, so it can have a massive impact.

4793 Chairman WAXMAN. Well, that involved money. Now let me
4794 ask you about a third statement you made involving Edie
4795 Fraser contracting.

4796 Mr. MILLER. Yes, sir.

4797 Chairman WAXMAN. And I gather that didn't go through,
4798 but in your testimony you said that the record paints quite a
4799 different picture than what Administrator Doan told the OIG
4800 investigators. This sounds like you are saying that she was
4801 not candid. Why did you say this?

4802 Mr. MILLER. Well, as I was trying to explain to the
4803 Ranking Member, but I didn't get a chance to explain, was the
4804 allegation came in. We thought the agent would simply
4805 interview the Administrator and we would close the report,
4806 write a letter or report to the White House liaison, but
4807 instead she told a story to our agents that could not
4808 possibly be true. As a result, we had to go forward with our
4809 investigation of the Administrator.

4810 Now, several days later her attorney sent a letter
4811 trying to explain that the statements she made were
4812 incorrect, inaccurate.

4813 Chairman WAXMAN. What did she say that was not true?

4814 Mr. MILLER. Well, as I recall, I wasn't actually at the
4815 interview, but what the agents told me about the interview
4816 was she denied signing the contract and she actually folded
4817 up the paper to say that it wasn't this, it was something

4818 | like something else, and she folded it up, and when you put
4819 | those pieces of paper together you get two paragraphs that
4820 | have the same number, and it just was not a plausible story.

4821 | Other statements are statements that it wasn't a
4822 | contract, that she also minimized her relationship with Ms.
4823 | Fraser.

4824 | Chairman WAXMAN. What is the significance? I know she
4825 | said a lot today that it wasn't really a contract. What is
4826 | significant? Why does she keep on denying this is a
4827 | contract? She said it was a draft outline of the work to be
4828 | performed, but she has difficulty saying that the document
4829 | was a binding contract. I find it surprising a person coming
4830 | from a business background, as Ms. Doan does, would have so
4831 | much trouble understanding whether or not she has entered
4832 | into a contract. Was it a contract or was it not a contract?

4833 | Mr. MILLER. I believe it was a contract, Mr. Chairman.
4834 | also, the General Counsel at the time, Allen Swindeman,
4835 | believed it was a contract, as did now the Acting General
4836 | Counsel, Lenny Loewentritt. In fact, that was the reason why
4837 | there had to be a letter of termination. In fact, when asked
4838 | about the letter of termination, I believe Ms. Doan said that
4839 | that was to correct the perception on the part of Ms. Fraser
4840 | that there was a contract, when, in fact, we saw e-mails back
4841 | and forth between her and John Felts after the termination
4842 | letter went out where John Felts says, Well, I will have to

4843 | tell Edie that we have more work to do on our end to get this
4844 | moving forward.

4845 | Chairman WAXMAN. You started to say before that she
4846 | minimized her relationship with Ms. Fraser. What is the
4847 | significance of that?

4848 | Mr. MILLER. Well, over a three-year period Ms. Doan has
4849 | paid over a half million dollars to Edie Fraser's Public
4850 | Affairs Group, to Ms. Fraser for consulting and other--

4851 | Chairman WAXMAN. That is interesting, because under
4852 | questioning from the Republicans they made the statement that
4853 | Ms. Doan--so Ms. Doan did pay money to her, so she was
4854 | working for Ms. Doan?

4855 | Mr. MILLER. That is correct. It was for sponsorships
4856 | and consulting. The consulting services was to promote Ms.
4857 | Doan personally and as President of NTMI, and the fee for
4858 | that was \$20,000 a month, and it is interesting to note that
4859 | the fee that Ms. Doan fixed was \$20,000, and she said that
4860 | she decided that on her second or third day at GSA.

4861 | Chairman WAXMAN. We are told over and over again \$20,000
4862 | is a small amount of money, and, besides, it didn't happen.
4863 | She didn't actually enter the contract. So do you think it
4864 | is a big deal or not?

4865 | Mr. MILLER. Mr. Chairman, I think what the problem is,
4866 | as I explained, we thought that our agents would interview
4867 | her, she would accept responsibility and admit the mistake.

4868 | Instead she did not. She told a story and it forced us to
4869 | continue to investigate. It forced us to issue subpoenas.
4870 | We had to wait for documents to come back on subpoenas.

4871 | I think the issue is that of candor, of accepting
4872 | responsibility, of being truthful with law enforcement. She
4873 | mentioned that--and I think she said publicly--that she
4874 | worked hard to terminate the contract, the relationship,
4875 | when, in fact, the e-mails and the documents that I believe
4876 | are in the Committee's possession show that she was still
4877 | trying to get this going as late as, I believe, early
4878 | September, September 4th or so.

4879 | I mentioned the August e-mail where--

4880 | Chairman WAXMAN. That is astounding. You are saying she
4881 | wasn't candid with law enforcement. Are you saying law
4882 | enforcement is your independent investigation?

4883 | Mr. MILLER. Yes. I meant our agents.

4884 | Chairman WAXMAN. Your agents?

4885 | Mr. MILLER. Yes.

4886 | Chairman WAXMAN. Okay.

4887 | Mr. MILLER. And the statement from her attorney admits
4888 | that she made mis-statements to our agents. That explains
4889 | the need for the supplemental statement.

4890 | Chairman WAXMAN. Yes. Can you explain the leadership
4891 | role the GSA Administrator plays in the Federal acquisition
4892 | community and why it is important for her to demonstrate a

4893 familiarity with the Federal acquisition regulations? Your
4894 investigation concluded that when she awarded this contract
4895 she ignored several of the most basic rules of Federal
4896 contracts, such as a principle that contracts should be
4897 awarded on a competitive basis.

4898 Mr. MILLER. Yes, Mr. Chairman. As head of the premier
4899 civilian procurement agency, it is important that the chief
4900 of that agency follow the procurement rules. As Inspector
4901 General, our job is to make sure that everyone follows those
4902 rules and procedures.

4903 Chairman WAXMAN. That is a basic principle of Government
4904 contracting that you award a contract based on what is best
4905 for the Government, not based on your friendship with
4906 somebody; isn't that a correct statement?

4907 Mr. MILLER. That is correct, Mr. Chairman. And, you
4908 know, at the time, Public Affairs Group was owned, I believe
4909 ultimately, by General Electric, so it was a subsidiary of
4910 General Electric at the time.

4911 Chairman WAXMAN. Now let me just concluded, because I
4912 see the yellow light is on. You raised these concerns. It
4913 sounds like you had a pretty acrimonious relationship with
4914 her. You didn't feel she was being candid with you and your
4915 Agency, even though she has an obligation to be. Her
4916 response was to try to cut your budget, wasn't it?

4917 Mr. MILLER. Mr. Chairman, there were efforts on the part

4918 | of the Administrator to try and cut our--actually, prevent us
4919 | from presenting our budget to OMB, and she actually stopped
4920 | and said I had a proposal to add criminal investigators, and
4921 | she simply would not--

4922 | Chairman WAXMAN. You felt that was a recrimination
4923 | against your criticism? Yes or no, and then I have one last
4924 | question before my time is up.

4925 | Mr. MILLER. I don't want to go there.

4926 | Chairman WAXMAN. Okay. The last question I want to ask
4927 | you is: are you concerned about the slides that involved a
4928 | political presentation on the premises of GSA that was
4929 | Republican partisan from the political person at the White
4930 | House about how people ought to get involved, or at least
4931 | know what is happening for Republicans, and about her
4932 | statement that a number of witnesses gave to us that she
4933 | said, How can we help our candidates in this next election?

4934 | Mr. MILLER. As I have said, a confidential source told
4935 | our agents all that, and it was very concerning. We did our
4936 | duty, which was to refer to the appropriate investigatory
4937 | agency, the Office of Special Counsel.

4938 | Chairman WAXMAN. Do you know whether everybody does
4939 | this? It sounded to me from her defenders was that everybody
4940 | does it, all the agencies do that, all Administrations do
4941 | that. Do you know that to be the case, and does that mean
4942 | everybody violates the law?

4943 Mr. MILLER. I certainly hope that is not the case, Mr.
4944 Chairman. As Inspector General, I have sworn an oath to
4945 follow the law. As Administrator, she has sworn an oath to
4946 follow the law. I hope that other officials follow the law.

4947 Chairman WAXMAN. Thank you very much.

4948 We will now proceed to Mr. Platts for five minutes.

4949 Mr. PLATTS. Thank you, Mr. Chairman.

4950 First, Inspector General Miller, I appreciate your
4951 testimony and also your service at GSA.

4952 Mr. MILLER. Thank you, Congressman.

4953 Mr. PLATTS. I apologize for being in three other places
4954 at the same time and having to run back out of here, but I
4955 know the one issue was raised about the documents that were
4956 shared with my Committee staff and then of the same topic was
4957 addressed in a Post story.

4958 One, I appreciate the Inspector General having met with
4959 my staff, as we sought to, I would say, take a similar
4960 approach as Senator Grassley to try to diminish the problems
4961 that were between the IG's office, Administrator, and my
4962 staff had conversations with OMB, with Clay Johnson's office
4963 to try to resolve these issues.

4964 Mr. MILLER. Thank you.

4965 Mr. PLATTS. But I wanted to make clear that, in the
4966 documents that were shared by you--and I appreciated your
4967 working with us--that, neither prior to the story being

4968 | published or since have any of my staff that were part of
4969 | that meeting or I shared any of those documents with the Post
4970 | or any other journalist to address this issue through the
4971 | media. I think it is important that we understand our efforts
4972 | were in a similar vein to Senator Grassley to just trying to
4973 | have a good Government resolution of the issue.

4974 | Mr. MILLER. Sure.

4975 | Mr. PLATTS. But I do appreciate your service and efforts
4976 | in taking your responsibilities seriously.

4977 | I apologize that I am not able to stay. I am going to
4978 | yield the balance of my time to the Ranking Member.

4979 | Mr. MILLER. Thank you.

4980 | Mr. PLATTS. Thank you.

4981 | Mr. MILLER. Congressman, I appreciate your help and your
4982 | staff's help on these issues. Thank you.

4983 | Mr. DAVIS OF VIRGINIA. Mr. Miller, let me ask who else
4984 | did you brief besides Mr. Platts, because you threw his
4985 | office out there. Did you brief Mr. Grassley's staff at that
4986 | time?

4987 | Mr. MILLER. I believe I--it is hard for me to
4988 | reconstruct.

4989 | Mr. DAVIS OF VIRGINIA. Well, we are trying to
4990 | reconstruct where the documents came from, and Mr. Platts has
4991 | said he didn't. Did you brief Mr. Waxman's staff at that
4992 | point?

4993 Mr. MILLER. I don't believe I did. You are asking me to
4994 think back from July through--

4995 Mr. DAVIS OF VIRGINIA. Correct. If you don't remember,
4996 you don't remember.

4997 Mr. MILLER. When did the story come out? December?

4998 Mr. DAVIS OF VIRGINIA. Correct.

4999 Mr. MILLER. And I met with Oversight, I met with Senate
5000 Oversight staff, Homeland Security, and Government Affairs.

5001 Mr. DAVIS OF VIRGINIA. Let me ask you this. You were on
5002 the invite list for the January 26th brown bag lunch. Did
5003 you attend?

5004 Mr. MILLER. I did not.

5005 Mr. DAVIS OF VIRGINIA. Did anyone from your office
5006 attend? Were there any Schedule C's that attended?

5007 Mr. MILLER. No, sir.

5008 Mr. DAVIS OF VIRGINIA. You made a referral to the Office
5009 of Special Counsel, correct?

5010 Mr. MILLER. That is correct.

5011 Mr. DAVIS OF VIRGINIA. Did the referral include the
5012 White House for the slides, or did you just include
5013 Administrator Doan?

5014 Mr. MILLER. The referral referred the allegations. As I
5015 understand it, a confidential source talked to agents in my
5016 office. They contacted agents at the Office of Special
5017 Counsel--

5018 Mr. DAVIS OF VIRGINIA. Correct. I am just saying--

5019 Mr. MILLER.--telling them what the allegations were.

5020 Mr. DAVIS OF VIRGINIA. In terms of the allegations, were
5021 the allegations directed at the Administrator or were they
5022 also to Mr. Jennings at the White House who gave the
5023 political slide that has been the subject today?

5024 Mr. MILLER. I would have to go back and look at the
5025 file, Congressman. I believe I gave a copy of the referral
5026 to the chairman on his written request.

5027 Mr. DAVIS OF VIRGINIA. We have not received a copy of
5028 the referral, Mr. Waxman, from your staff. It would be
5029 helpful to have that.

5030 My question here is was this labeled just at
5031 Administrator Doan or was it the White House, as well? And
5032 you don't remember?

5033 Mr. MILLER. I don't know, Congressman.

5034 Mr. DAVIS OF VIRGINIA. Can you ask your staff? Would
5035 anyone here know?

5036 Mr. MILLER. I think--

5037 Mr. DAVIS OF VIRGINIA. So you supplied it to Chairman
5038 Waxman's staff, but you haven't provided it to us, basically?

5039 Mr. MILLER. Well, the chairman wrote a letter to me
5040 asking for it.

5041 Mr. DAVIS OF VIRGINIA. Right. And he copied me.

5042 Mr. MILLER. I don't know if he copied you or not.

5043 Mr. DAVIS OF VIRGINIA. Generally you do.

5044 Chairman WAXMAN. Yes, we always copies letters to you
5045 and we always share the information we get in response to
5046 those letters, so I can't explain it.

5047 Mr. DAVIS OF VIRGINIA. Okay. We would like to know
5048 that.

5049 Chairman WAXMAN. We will check our files.

5050 Mr. MILLER. I will provide a copy of the referral to
5051 you.

5052 Mr. DAVIS OF VIRGINIA. I just want to know if it is
5053 aimed at Administrator Doan or if it is also aimed at the
5054 White House, who, after all, called the meeting. It was not
5055 called by Administrator Doan, correct?

5056 Mr. MILLER. Congressman Davis, I wouldn't say that it
5057 was directed to any one person or another person.

5058 Mr. DAVIS OF VIRGINIA. So you are not even saying here
5059 it was directed at the Administrator?

5060 Mr. MILLER. What we got were credible allegations that
5061 appeared to be a violation of the Hatch Act. My
5062 investigations office referred it over to the Office of
5063 Special Counsel.

5064 Mr. DAVIS OF VIRGINIA. But the media reports and the
5065 other allegations seemed directed just at her, and she didn't
5066 call the meeting, and at the same time she didn't make the
5067 presentation, which if you have watched today has really been

5068 | the subject of some controversy, whether the Administration
5069 | was right to come in and make these presentations in a
5070 | Federal building. She wasn't the one who originated this.

5071 | So my question would be--and I guess this goes over to
5072 | Mr. Waxman--is there a retaliation going on or anything. Was
5073 | this directed at her or was it directed at the whole
5074 | presentation, and you don't know the answer to that is what
5075 | you are telling me? You made a referral to the Justice
5076 | Department or just the--not to Justice, or did you just make
5077 | it--

5078 | Mr. MILLER. Office of Special Counsel.

5079 | Mr. DAVIS OF VIRGINIA. Just to the Special Counsel on
5080 | Hatch Act?

5081 | Mr. MILLER. Yes. As I explained earlier--I think you
5082 | may have been out of the room--I have to do my duty as
5083 | Inspector General.

5084 | Mr. DAVIS OF VIRGINIA. I agreed with that. I am just
5085 | asking if that included the White House or just the
5086 | Administrator.

5087 | Mr. MILLER. When we get credible allegations in, we
5088 | refer them to the appropriate investigatory agency.

5089 | Mr. DAVIS OF VIRGINIA. I understand, but my question is,
5090 | the allegations, if you look at this, would have included
5091 | both, would they not?

5092 | Mr. MILLER. Well, as I understand it, the Hatch Act

5093 | issue is within the sole jurisdiction of the Office of
5094 | Special Counsel.

5095 | Mr. DAVIS OF VIRGINIA. Correct. But the referral--
5096 | Chairman WAXMAN. Mr. Jennings could well have been
5097 | exempt from the Hatch Act.

5098 | Mr. DAVIS OF VIRGINIA. He may or may not have. Do you
5099 | know if Mr. Jennings was exempt from the Hatch Act or not?

5100 | Mr. MILLER. I am not an expert in the Hatch Act.

5101 | Mr. DAVIS OF VIRGINIA. Exactly my point. Actually, Ms.
5102 | Doan has some exemptions under the Hatch Act, as well, as the
5103 | Administrator.

5104 | Mr. MILLER. The Office of Special Counsel is, and that
5105 | is why, when we--

5106 | Mr. DAVIS OF VIRGINIA. But you understand my point. My
5107 | point is was this inclusive of the entire presentation and
5108 | the slides from the Administration, or was this just about
5109 | Ms. Doan, and you don't know the answer?

5110 | Mr. MILLER. I think what happened was someone told our
5111 | agents that this happened, it looked like it was wrong, and
5112 | that it may violate--

5113 | Mr. DAVIS OF VIRGINIA. What happened?

5114 | Mr. MILLER. I think the allegation--and, again, I wish I
5115 | had the referral in front of me, but--

5116 | Mr. DAVIS OF VIRGINIA. You knew this was the subject
5117 | when you came here today, so I am--

5118 Mr. MILLER. Well, as I understand it, I also knew that
5119 my office was not very involved in this, that we handed it
5120 off to the Office of Special Counsel. But, as I understand,
5121 the confidential source said that there was a presentation on
5122 some sort of election results, maybe. I don't quite remember
5123 what--then, again, I would rather just go back and check the
5124 documents and then respond.

5125 Chairman WAXMAN. We will hold the record open to receive
5126 it.

5127 Mr. DAVIS OF VIRGINIA. I just wanted to get him while he
5128 was under oath though to get it, because when he sends them
5129 later I don't know if that applies, and I just want to make
5130 sure you don't know the answers right now. You will get back
5131 to us?

5132 Mr. MILLER. Yes, I will get back to you.

5133 Mr. DAVIS OF VIRGINIA. Okay.

5134 [The information follows:]

5135 ***** COMMITTEE INSERT *****

5136 Chairman WAXMAN. Mr. Issa?

5137 Mr. ISSA. Thank you, Mr. Chairman.

5138 I am going to continue a little bit along that line.

5139 When you were speaking to Chairman Waxman and you referred to
5140 law enforcement officers--

5141 Mr. MILLER. Yes?

5142 Mr. ISSA.--now, that term is really a term from your
5143 years as a U.S. Attorney, Assistant U.S. Attorney, isn't it?
5144 And, in fact, that is really your career? You are a career
5145 prosecutor, you are not an accountant?

5146 Mr. MILLER. No, sir.

5147 Mr. ISSA. You don't understand how to deal with
5148 bureaucracies, where the problems are? I know you are
5149 smiling, but I want to understand this. You are not just
5150 about the Hatch Act. In fact, that is not within your
5151 jurisdiction. Your jurisdiction is supposed to be to find
5152 the waste, fraud, and abuse within the GSA, right?

5153 Mr. MILLER. Correct, and to investigate credible
5154 allegations of wrongdoing.

5155 Mr. ISSA. Okay. And it seems like we are spending an
5156 awful lot of time on a \$20,000 non-contract, but let me just
5157 run you through a couple of questions here, because I want to
5158 understand it related to Administrator Doan.

5159 She could have taken \$200,000 worth of her employees'
5160 time and had them do research and prepare and try to consult,

5161 right? She has the ability to have those people work for her
5162 and do what she needs to do?

5163 Mr. MILLER. Congressman, first of all, I do believe it
5164 was a contract. I believe that is what the General Counsel
5165 then concluded, Allen Swindeman, and also the acting--

5166 Mr. ISSA. I appreciate that, but--

5167 Mr. MILLER.--the acting General Counsel, Lenny
5168 Loewentritt.

5169 Mr. ISSA. Right. I appreciate that, but that is a
5170 personal service contract, if we are going to put the word
5171 contract on it. It was a request for a service that would
5172 cost \$20,000 which she wanted done in order to further the
5173 office's ability to execute things. And I want to simply ask
5174 you, she could have, in fact, gone to her people and said, go
5175 study and read and spend \$200,000 accomplishing the same
5176 thing? Wouldn't have been a problem at all, right? She has
5177 the ability to use her own resources, millions and millions
5178 of dollars worth of human beings' time, to do that? As the
5179 IG, I am assuming you can answer that with some credible
5180 validity.

5181 Mr. MILLER. Well, Congressman, I would assume that she
5182 would also look at the in-house capability to do that job, as
5183 well--

5184 Mr. ISSA. Right. I asked you a question--

5185 Mr. MILLER.--and she would follow all the procurement

5186 | rules.

5187 | Mr. ISSA. No. You know, the point is I am asking the
5188 | questions, I would like the answers to my questions.

5189 | Mr. MILLER. Sure.

5190 | Mr. ISSA. I believe that you have been on a witch hunt
5191 | and that this is, in fact, an IG who, instead of looking at
5192 | the waste, fraud, and abuse, is going after one person, a big
5193 | prosecution, if you will, of one individual, and that is my
5194 | opinion. We will see in the long run how it pans out. But I
5195 | do see \$20,000 in an Agency of \$54 billion, and I am going
5196 | back to my questions. You are not really comfortable looking
5197 | into the nuances of all the contracts. You picked this
5198 | \$20,000 service agreement in order to go after; is that
5199 | correct?

5200 | Mr. MILLER. That is not correct, Congressman. I would
5201 | really like the opportunity to try and explain to you--

5202 | Mr. ISSA. My time is very short. It is five minutes, so
5203 | when I ask a question that is a yes or no I will take a yes
5204 | or no, and you are welcome to it, or a little beyond that.

5205 | Mr. MILLER. Absolutely not. It is not a witch hunt.

5206 | Mr. ISSA. Okay. What other areas are you working on in
5207 | the \$54 billion that is being spent by the GSA?

5208 | Mr. MILLER. Well, we recently settled a case with Oracle
5209 | and PeopleSoft for \$98.5 million. That was settled in
5210 | October. I am Vice Chair of the National Procurement Fraud

5211 Working Group in the Department of Justice.

5212 Mr. ISSA. Is that as a result of your position, or is
5213 that something you had before you came to this position?

5214 Mr. MILLER. I was appointed to that when it was formed
5215 in October.

5216 Mr. ISSA. You know, look, I have no question you are a
5217 fine prosecutor with a great history of being able to do
5218 those. I am just trying to understand why a mistake which
5219 was corrected by the GSA, itself, the contract, if you call
5220 it that, was canceled, even though there is nothing in that
5221 contract that says it would be canceled, it was canceled
5222 without a penny being spent.

5223 My real question is: when you said earlier if Ms. Doan
5224 had said, oh, I made a mistake, you implied that that would
5225 have been the end of it. Now, in your years as a prosecutor,
5226 do cases end if you think they are criminal or wrong? Do
5227 they end because somebody says I am so sorry? And her belief
5228 that it wasn't a contract and she didn't do anything wrong,
5229 does that somehow change the facts on the ground for you,
5230 because that is what you said here under oath today was that,
5231 in fact, if she had just apologized it would have been okay,
5232 if she had just admitted that.

5233 Mr. MILLER. Well, Congressman, first of all, I didn't
5234 say if she just apologized. My point was that this was a
5235 credible allegation. We have a responsibility. I don't have

5236 | a choice. I have a duty to follow up on credible allegations
5237 | of wrongdoing. This was a credible allegation. It came
5238 | complete with documents.

5239 | Mr. ISSA. Because my yellow light is on, I just want to
5240 | do one follow-up. She, in fact, said she didn't think it was
5241 | a contract. As such, she wasn't apologetic for it, and that
5242 | is what caused you to continue on with the prosecution, is
5243 | what you said here today.

5244 | Chairman WAXMAN. The gentleman's time is expired. You
5245 | will be given opportunity now to answer the question.

5246 | Mr. MILLER. Thank you, Mr. Chairman. I think that that
5247 | is not what I said, Congressman. What I said and what I
5248 | meant was that we have a duty to follow up on allegations. I
5249 | went up to her personally and say, you know, I'm sorry, but
5250 | our agents are going to have to come and interview you. We
5251 | have this complaint.

5252 | We fully expected that she would be totally forthcoming
5253 | with our agents and that that would explain the whole matter,
5254 | there would not be any other leads to follow up on, and that
5255 | we would just close it out. I was actually wondering who do
5256 | I write the letter to--is it the White House liaison--because
5257 | this does not happen very often. And the agents come back
5258 | and said no, she told a story that they did not believe was a
5259 | correct story, an accurate story, and then we had to make a
5260 | decision. We had the follow up to see, gee, what are the

5261 facts here. I do have an obligation to follow the facts.

5262 Chairman WAXMAN. Thank you.

5263 Mr. MILLER. And no more, but no less.

5264 Chairman WAXMAN. Thank you, Mr. Issa.

5265 Mr. Mica, I think you are next.

5266 Mr. MICA. Thank you, Mr. Chairman.

5267 Sorry I didn't get to hear all of it. I heard your
5268 testimony, but not all of the questions. I hope I don't
5269 repeat any.

5270 Mr. Miller, one of your responsibilities as the
5271 Inspector General is to look at things that aren't going
5272 right or problems with contracts within GSA; is that correct?

5273 Mr. MILLER. Generally, yes, sir.

5274 Mr. MICA. Were you aware of, like, say, in a human
5275 resources situation, it may or may not have been important to
5276 you, but were you aware of some of the failings as far as GSA
5277 in getting--I guess they were going to get a failing score or
5278 they got a failing score on some of the diversity issues in
5279 regard to GSA. Were you aware of that?

5280 Mr. MILLER. We were aware of that issue and that
5281 problem, yes, sir, and--

5282 Mr. MICA. Did you investigate it, or was there any
5283 review by you? Did you ever see the memo that was referred
5284 to that Ms. Doan did not read but she was briefed on, by
5285 Mendosa?

5286 Mr. MILLER. Congressman, I am not exactly sure what you
5287 are referring to, but there is an SBA score card--

5288 Mr. MICA. Yes.

5289 Mr. MILLER.--that I believe came out in December, 2006,
5290 that gave an F rating to the GSA.

5291 Mr. MICA. A failing. But, again, this wouldn't be a
5292 concern, but you were not aware of it?

5293 Mr. MILLER. To the extent that we are part of the
5294 Agency, we are concerned about that. It doesn't fall within
5295 the mission of the Office of the Inspector General.

5296 Mr. MICA. Well, again, I think one of the things that
5297 Administrator Doan, her concern, and probably rightfully so,
5298 an African American female Administrator of Agency, one of
5299 her concerns was to come in here in this position from the
5300 private sector and see the public sector getting a failing
5301 score, or about to get a failing score, maybe for a second
5302 time. I guess she was really trying to push this contract to
5303 get a review through this group. Was it Diversity Best
5304 Practices, Ms. Fraser? She was really pushing that, wasn't
5305 she?

5306 Mr. MILLER. Congressman, for her to be involved in those
5307 issues is perfectly fine. I understand that. Our concern
5308 was we got an allegation--

5309 Mr. MICA. But she was trying--

5310 Chairman WAXMAN. Would the gentleman yield? Just one

5311 | point for the record.

5312 | Mr. MICA. Yes.

5313 | Chairman WAXMAN. That failing score wasn't something
5314 | that motivated it. That failing score was after this
5315 | contract had fallen through.

5316 | Mr. MILLER. That is what I understand, Mr. Chairman.

5317 | Mr. MICA. It is my understanding that GSA already had a
5318 | reputation for a failing score, that this isn't like a new
5319 | revelation, and she was briefed that they were going to get a
5320 | failing score and was trying to do something about it, but it
5321 | wasn't very important to you, but she was really pushing this
5322 | because I think even the General Counsel had advised her.
5323 | She had signed off on this contract, but was the contract
5324 | executed, fully executed?

5325 | Mr. MILLER. I believe it was, Congressman.

5326 | Mr. MICA. But she was really pushing this to get this
5327 | diversity study? And you advised her not to, or was that the
5328 | General Counsel, Mr. Allen Swindeman--is it Swindeman?

5329 | Mr. MILLER. I believe Allen Swindeman strongly counseled
5330 | her--

5331 | Mr. MICA. You did not advise her? It was Mr. Swindeman?

5332 | Mr. MILLER. That would have been the General Counsel's
5333 | role.

5334 | Mr. MICA. Okay. And Mr. Swindeman or the General
5335 | Counsel allegedly told the Committee that they had evidence

5336 | that he repeatedly advised that the contract be terminated;
5337 | is that--

5338 | Mr. MILLER. That is my understanding.

5339 | Mr. MICA. But you never advised that. Did he advise you
5340 | that something was wrong?

5341 | Mr. MILLER. Mr. Swindeman?

5342 | Mr. MICA. Yes, the General Counsel. I don't think Dorn
5343 | was going to call you.

5344 | Mr. MILLER. Well, it would not have been his role. He
5345 | did not advise us.

5346 | Mr. MICA. Well, how did you find out, then?

5347 | Mr. MILLER. We received a complaint, an anonymous
5348 | complaint with documents of the contract.

5349 | Mr. MICA. And was that before or after?

5350 | Mr. MILLER. I guess it would be after the contract was
5351 | signed.

5352 | Mr. MICA. After the contract was signed.

5353 | Mr. MILLER. I don't recall the precise date. I can look
5354 | it up.

5355 | Mr. MICA. But when did the General Counsel contact you?

5356 | Mr. MILLER. Pardon me?

5357 | Mr. MICA. Did the General Counsel contact you?

5358 | Mr. MILLER. No.

5359 | Mr. MICA. It was an anonymous?

5360 | Mr. MILLER. It was an anonymous--

5361 Mr. MICA. Okay. Then did you contact him?

5362 Mr. MILLER. Who?

5363 Mr. MICA. The General Counsel. You get a complaint--

5364 Mr. MILLER. Our agency--

5365 Mr. MICA. First thing I would have done is call the
5366 General Counsel and say, I have got a complaint here that she
5367 is trying to push this contract that has been signed, and you
5368 advised her against it. Did you talk to him?

5369 Chairman WAXMAN. The gentleman's time has expired, but
5370 please answer the question.

5371 Mr. MILLER. My agents did interview Mr. Swindeman. They
5372 also interviewed Mr. Loewentritt of the General Counsel's
5373 office. Our obligation was to follow up on the contract, on
5374 the allegation. We had the allegation, the complaint, and
5375 the contract. We then, our agents interviewed the
5376 Administrator.

5377 Chairman WAXMAN. Mr. Shays?

5378 Mr. SHAYS. Thank you.

5379 Mr. Miller, I believe the Inspector Generals have a
5380 vital role to play. I get uncomfortable when I think they
5381 focus on minutia and then ignore big pictures. Frankly, you
5382 know, this is a--

5383 Mr. MICA. Could you yield for just--

5384 Mr. SHAYS. Let me just make my points.

5385 So I have a problem with that. And the second issue I

5386 | have a problem with is I have a problem if I feel like an
5387 | Inspector General is just doing something to got you, and so
5388 | when I look at this meeting that I think never should have
5389 | happened and I know that you were invited, what I find
5390 | curious is why someone didn't go to the chief of staff of the
5391 | Secretary or the Administrator and say, you know, this is a
5392 | really dumb idea. I think it borders on a bad meeting. Was
5393 | it just that you knew there was a meeting but you didn't know
5394 | what was going to happen in the meeting?

5395 | Mr. MILLER. That is correct. I get e-mails for these
5396 | brown bag lunches all the time because I am a Presidential
5397 | appointee appointed by President Bush, and I am copied on all
5398 | of those--

5399 | Mr. SHAYS. You didn't know what the purpose of the
5400 | meeting was?

5401 | Mr. MILLER. I looked at the e-mail briefly, and went on
5402 | to my other e-mails.

5403 | Mr. SHAYS. So the answer is, like, other people come
5404 | before you looked at the--but did it make clear in the e-mail
5405 | what it was about?

5406 | Mr. MILLER. I think what I read was that it was Mr.
5407 | Jennings coming over for a brown bag.

5408 | Mr. SHAYS. That is it?

5409 | Mr. MILLER. That is all I recall.

5410 | Mr. SHAYS. Okay. The next issue I just want to ask you,

5411 | with the issue of the contract, the diversity contract,
5412 | basically I look at it and say no contract, no service
5413 | performed, no money transferred, end of story. What am I
5414 | missing in this?

5415 | Mr. MILLER. Thank you for asking that. I think what you
5416 | are missing is when our agents interviewed the Administrator
5417 | they received a story that couldn't possibly be true, which
5418 | forced us to continue to investigate to find out what
5419 | happened.

5420 | Mr. SHAYS. To me, no contract, no money spent, no
5421 | service performed. That is the way I look at it.

5422 | But let me yield to my colleague, the Ranking Member.
5423 | Did you want to quickly get something?

5424 | Mr. MICA. The Committee doesn't have the Special
5425 | Counsel's memorandum, the--

5426 | Mr. DAVIS OF VIRGINIA. Yes, do you have notes from the
5427 | interview of Mr. Swindeman?

5428 | Mr. MILLER. I believe we do.

5429 | Mr. DAVIS OF VIRGINIA. Could you make those available?
5430 | And here is why I ask. Our information--we interviewed
5431 | him--is that he wrote one memo to the Administrator. There
5432 | are no phone calls and no e-mails. That is at variance with
5433 | what you are representing. We just need to see if we can get
5434 | that squared.

5435 | Let me ask a couple other questions.

5436 | You assumed your duties as the GSA IG in July, 2005?

5437 | Mr. MILLER. Correct.

5438 | Mr. DAVIS OF VIRGINIA. And in June, 2006, Administrator
5439 | Doan assumed her duties. The GSA at that point was
5440 | experiencing serious fiscal challenges, with the possibility
5441 | of Anti-Deficiency Act violations; is that correct?

5442 | Mr. MILLER. Congressman, I don't believe that is
5443 | correct. I believe they were running a surplus of over--I
5444 | would have to check into it, but I believe they have always
5445 | run a surplus, and last year it was over \$400 million.

5446 | Mr. DAVIS OF VIRGINIA. Okay. So you don't think that
5447 | there were serious fiscal challenges?

5448 | Mr. MILLER. There are always serious fiscal challenges,
5449 | and I applaud Administrator Doan's attempts to exercise
5450 | fiscal discipline.

5451 | Mr. DAVIS OF VIRGINIA. Did you take any actions in your
5452 | office to address the fiscal challenges, or did you feel that
5453 | wasn't your problem, that was part of the rest of GSA? I
5454 | guess that goes to the nub of it.

5455 | Mr. MILLER. No. We obviously had a very serious fiscal
5456 | problem, because Administrator Doan informed us that our 2007
5457 | money was going to be terminated, and so all of the sudden we
5458 | had \$5 million or \$2.5 million--

5459 | Mr. DAVIS OF VIRGINIA. I know she--

5460 | Mr. MILLER.--taken out of our current operating budget.

5461 Mr. DAVIS OF VIRGINIA. But had you done anything else to
5462 streamline your budget in response to her request to tighten
5463 the budget?

5464 Mr. MILLER. Well, we tightened all around. We had to
5465 tighten.

5466 Mr. DAVIS OF VIRGINIA. What did you do to tighten?

5467 Mr. MILLER. Pardon me?

5468 Mr. DAVIS OF VIRGINIA. What did you do in your office to
5469 tighten the belt?

5470 Mr. MILLER. Well, we reduced hiring. We actually looked
5471 at--

5472 Mr. DAVIS OF VIRGINIA. Did you put a freeze on?

5473 Mr. MILLER.--two dozen auditors were in danger of RIF,
5474 of reduction in force, so we were looking at those.

5475 Mr. DAVIS OF VIRGINIA. That was under her rules, not
5476 under yours. What did you do? What did you do?

5477 Mr. MILLER. No, that was my--I mean, I was looking at
5478 how to manage the office without the reimbursable monies.

5479 Mr. DAVIS OF VIRGINIA. But, aside from the reimbursable
5480 monies, notwithstanding that, if the Agency was undergoing
5481 fiscal constraints did you come forward and say, Look I don't
5482 think you need to take away that money. I will do these to
5483 reduce operations. That is what I am asking. As a loyal
5484 member of the team--

5485 Mr. MILLER. Okay. I understand your question now. I

5486 | believe that I am duty bound, as an Inspector General, to
5487 | make sure that we have the resources to do our job.

5488 | Mr. DAVIS OF VIRGINIA. Doesn't everybody? So the answer
5489 | is you didn't do anything?

5490 | Mr. MILLER. May I explain?

5491 | Mr. DAVIS OF VIRGINIA. Yes, but my red light is on. I
5492 | just wanted to make sure. You can answer that, but also do
5493 | this. I think every Agency head feels it is their job to do
5494 | that, and if everybody does that, when the Administrator
5495 | comes down and says, Can you tighten up, can you let this go,
5496 | you are all going to say no and you are all going to
5497 | complain.

5498 | Mr. MILLER. I believe the point you are missing here is
5499 | we have a separate appropriate.

5500 | Mr. DAVIS OF VIRGINIA. Right.

5501 | Mr. MILLER. The money that goes to our office is a
5502 | separate appropriate. Our request or our budget requests are
5503 | attached to the GSA budget. Never before has any
5504 | Administrator said no, we are not going to pass it on to OMB
5505 | and to the Congress or extensively edited what we said,
5506 | taking out phrases like fraud, waste, and abuse. So it is
5507 | not coming out of the GSA budget. It is a separate budget.

5508 | Mr. DAVIS OF VIRGINIA. Are you the only separate line in
5509 | GSA? Aren't there other agencies that have separate lines in
5510 | the budget, as well?

5511 Chairman WAXMAN. That will have to be the last question.
5512 Would you answer it, and then I think we have to conclude
5513 this hearing.

5514 Mr. MILLER. I believe other IGs have separate
5515 appropriations.

5516 Mr. DAVIS OF VIRGINIA. But within GSA are there other
5517 separate lines of appropriation?

5518 Mr. MILLER. I do not know the answer to that,
5519 Congressman.

5520 One very last point is that the \$5 million that the
5521 Administrator was taking was still going to be spent. It was
5522 not a budget-cutting issue at all. It was going to be spent.
5523 It was simply going to be spent on small contractors. So it
5524 was not a budget issue.

5525 Mr. DAVIS OF VIRGINIA. Let me--

5526 Chairman WAXMAN. Thank you very much.

5527 Mr. DAVIS OF VIRGINIA. Mr. Chairman, let me just ask if
5528 we could keep the record open on that just to clarify some
5529 questions and inconsistencies.

5530 Chairman WAXMAN. Thank you very much, Mr. Miller. We
5531 appreciate your testimony. We may have further questions
5532 that we will submit in writing to you, and we would
5533 appreciate a response in writing for the record.

5534 [The information follows:]

5535 ***** COMMITTEE INSERT *****

5536 Mr. MILLER. Thank you, Mr. Chair. Thank you, Ranking
5537 Member. Thank you, members.

5538 Chairman WAXMAN. Let me just conclude, and I will give
5539 Mr. Davis a chance if he wants to say anything to conclude,
5540 but I think that the basic rules of Government is that
5541 Federal agencies are not to be used for Government
5542 politicking. The rules for anybody heading up an agency is
5543 that they have to follow the rules that say that Government
5544 resources are not to be used for partisan politics, they
5545 can't give no-bid contracts to their friends, and they should
5546 listen to their career staff and auditors when it involves
5547 millions of dollars out of taxpayers' pockets.

5548 I just want to close by pointing out what Senator
5549 Grassley said. This investigation is not only worthwhile,
5550 but that we would be ignoring our Constitutional oversight
5551 responsibilities if we didn't hold these hearings. I think
5552 that it is clear in my mind that Senator Grassley was
5553 correct. GSA involves billions of dollars, and if we are
5554 seeing millions of dollars squandered I think we ought to
5555 speak up about it, because if money is being squandered it
5556 comes out of the taxpayers' pockets, and it may be millions
5557 today but it could be billions tomorrow if people just don't
5558 follow the rules.

5559 Thank you.

5560 Mr. Davis, any concluding statements?

5561 Mr. DAVIS OF VIRGINIA. Mr. Waxman, let me just say of
5562 course it is appropriate oversight for this Committee to look
5563 at how all of our agencies, including GSA, operate. I would
5564 have basically favored a hearing today that would have been
5565 more programmatic in terms of looking at the issues in GSA.
5566 There are a lot of issues there. We have got the merger of
5567 FTS and FSS and how that has operated. I think the issue in
5568 terms of SUN Microsystems could be an interesting exercise.
5569 But I think it has become way too personalized in this
5570 particular case.

5571 Mr. Miller, I hope that you and the Administrator can
5572 patch it up and work together. We count on everybody working
5573 as a team. That clearly hasn't happened in this case. I am
5574 not going to throw brick bats in terms of who is to blame,
5575 but if we leave here today, if we can focus and recognize you
5576 have a reporting responsibility to her and you also have
5577 independence, and balancing that appropriately is something
5578 we rely on you all to do. When it gets to this stage, I
5579 think it becomes way too personal.

5580 Let me just say, in terms of Government politicking, I
5581 don't know how you take politics out of Government, but we
5582 will look at these issues as we move forward. Mr. Waxman and
5583 I have talked about some issues raised today that are not
5584 personal to the Administrator. But I can tell you Cabinet
5585 officers are all the time out campaigning for and against

5586 | members. I am sure their staffs are part of that. I had a
5587 | Cabinet Secretary come in and campaign against me in my
5588 | reelection in 1996. I am not sure what the appropriate
5589 | balance is. We will explore this in future hearings.

5590 | I thank you for being here.

5591 | Chairman WAXMAN. We do have laws.

5592 | Mr. DAVIS OF VIRGINIA. Yes, we do.

5593 | Chairman WAXMAN. And the laws say that you can't, on
5594 | Government time, at Government resources, go out and
5595 | campaign. When Cabinet Secretaries go out and campaign, they
5596 | do it at the expense of the campaign. It may be personal to
5597 | Ms. Doan because she is the one heading this Agency, but we
5598 | have had a Senator and her Inspector General, and I must say
5599 | my own conclusion is that she is not always being very candid
5600 | in telling us the truth, and that makes her problems much
5601 | worse, because she has to be honest.

5602 | Mr. DAVIS OF VIRGINIA. There is no evidence here that
5603 | she campaigned at all on Government time. She was sitting
5604 | here at a hearing, at a meeting that was called by the White
5605 | House, and participated in that.

5606 | Mr. MICA. Mr. Chairman, as you summarize, I do think
5607 | some positive things could come out of this. I did not know
5608 | that the White House could videoconference in this fashion.
5609 | We might want to look at that, because I am now learning that
5610 | this went on, and even Mr. Miller said he participated or was

5611 invited to participate. That is one thing. I did not know
5612 the GSA Administrator didn't have discretion to do a contract
5613 for \$20,000 and was prohibited from doing that.

5614 The third thing I think--

5615 Chairman WAXMAN. Mr. Mica, ignorance of the law is no
5616 excuse. The law is there. The rules are there. She has to
5617 follow it.

5618 Mr. MICA. Absolutely.

5619 Chairman WAXMAN. Would you make your concluding
5620 statement so we could adjourn?

5621 Mr. MICA. Absolutely. But another thing I would like to
5622 look at is diversity in some of these agencies.

5623 Chairman WAXMAN. Great.

5624 Mr. MICA. This Agency--

5625 Chairman WAXMAN. We will do that.

5626 Mr. MICA.--failed.

5627 Chairman WAXMAN. Thank you very much. The meeting is
5628 adjourned.

5629 Mr. MICA. They failed. And you failed, too.

5630 [Whereupon, at 3:25 p.m., the committee was adjourned.]

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